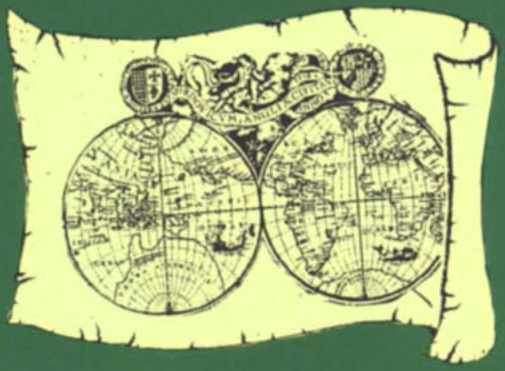
Sam Donaldson on the White House spin patrol

Chris Buckley on the 26-year-olds who really run the Hill

# The Washington Monthly

JUNE 1992/$3.50



## Jonathan Alter:
How Phil Donahue came to manage the '92 campaign

## Empires of the sons (and friends and mistresses):
Where Bush's bad political appointees are buried

## Loot court:
How Harvard Law devours its young

## John Kenneth Galbraith:
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# The Washington Monthly

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# LETTERS

## Baby switching

I was saddened to see you go along with the rest of the crowd and the conventional wisdom on the question of Hill and Knowlton's activity on behalf of Citizens for a Free Kuwait (Monthly Journalism Award, April 1992). John MacArthur's "op-ed" in *The New York Times*—which nobody seems to have bothered to fact-check—turns out to be just about 100 percent wrong. The ambassador's daughter was in Kuwait at the time (at great personal risk), the committee staff members knew exactly who she was and complied with her request for anonymity (much in the way hoodlums are permitted to testify wearing ski masks), and, most important of all, the story she told about the incubators turns out to be true.

I know it's a better story if a PR firm manipulated the news—particularly on a hot issue—but every once in a while even one of us flacks turns out to be telling the truth —and when we do, we sure would like credit in *The Washington Monthly*.

FRANK MANKIEWICZ
Washington, D.C.

*Mr. Mankiewicz is vice chairman of Hill and Knowlton Public Affairs Worldwide Company.*

## Judge, not

As a law clerk for two federal judges, I saw the federal sentencing guidelines in action and came to question whether mandatory sentencing schemes were a good idea. After reading Judge Lois Forer's article ["Justice by Numbers," April] attacking mandatory sentencing, such schemes now seem pretty appealing.

Forer evidently believes that armed robbery and burglary are not dangerous crimes justifying imprisonment, but are mere "theft" crimes analogous to embezzlement or shoplifting. By contrast, I believe that sticking a gun in someone's face is truly a violent crime, because it threatens its victim with bodily harm and endangers everyone's sense of public safety. It follows that as long as many state judges think like Forer, I would want to give them as little discretion in sentencing as possible. As a result, I now favor mandatory sentencing (at least for the most threatening theft-related crimes, such as armed robbery).

Of course, Forer suggests that my view reflects "an atavistic belief in the sanctity of punishment," because over the past five years, the "number of known crimes . . . has increased 10 percent." Between 1960 and 1970, we implemented Judge Forer's policy of reducing imprisonment (from 212,000 inmates to 196,000) and had a 140 percent increase in crime.

Thanks, Judge Forer, for persuading me that you are wrong.

MICHAEL E. LEWYN
Atlanta, Georgia

Judge Forer is correct in stating that mandatory sentencing is an atrocity, but to a large extent the bench can blame only itself. If the judiciary had policed the ranks of its peers more effectively and with more vigor—getting rid of *all* the fools, psychos, weirdos, and winos—it wouldn't have needed the mandatory sentencing system, because we the people would have been more inclined to forgive—if not forget—the occasional honest mistake.

If somebody with as much common sense and human decency as Judge Forer found it imperative to resign from the bench to square it with her conscience, our criminal justice system is in an even worse state than I thought.

ERWIN FUCHS
Seattle, Washington

## Injudicious

Stephanie Mencimer's article on the failure of the judiciary to police its own ranks ["Black Robe," March] provides a welcome focus on a seriously neglected area. The article, however, contains serious factual errors.

Helen Jean Guercio, the complainant in the Detroit case, owned one of only two companies preparing appeal papers to the Michigan Supreme Court on behalf of attorneys throughout the state of Michigan and had 45 years of experience in the legal system. But she was an actual court employee (of the Wayne County circuit court) for only two years before moving to the U.S. Bankruptcy Court.

Bankruptcy Judge Harry Hackett left the bench in complete disgrace and has no courthouse named after him. However, a courthouse was constructed in Ann Arbor in honor of John Feikens, the former chief judge of the U.S. District Court in Detroit to whom Guercio had fruitlessly directed her complaints.

Guercio was fired, not several years later, but within six months of Hackett's departure, after pointing out the racketeer affiliations of an individual who is now on the U.S. District Court bench. After years of appeals, her right to a trial by jury was denied by the U.S. Supreme Court.

The outcome of the matter in Detroit was a much closer call than it appears in retrospect. At one point, the effort to reform the court completely stalled, and it was necessary to send a communication to the chief justice of the United States outside the normal channels in order to get things moving again. The Detroit case very nearly ended up proving that the system *doesn't* work.

After conducting certain additional investigations, I was terminated by the Administrative Office of the U.S. Courts and my colleague in the investigations, William Trencher, resigned. The whole issue of corruption in the federal judiciary, which the Administrative Office confronted for the first time in its history under the leadership of former Chief of the Bankruptcy Division Berkeley



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Wright and General Counsel Carl H. Imlay, was simply too hot to handle.

MILNER BENEDICT
Cheverly, Maryland

*Milner Benedict is a former staff attorney for the bankruptcy division of the Administrative Office of the U.S. Courts.*

## Lupo's loophole

In your March "Tilting at Windmills" you indicated that Judge Lupo threw the William Kennedy Smith case to attorney Black. This is a very serious charge. This type of journalism certainly gives the impression that Lupo was behaving in less than a judicial manner and might be guilty of unethical conduct. I do not believe there has ever been any question about Lupo's ability as a judge or about her personal conduct. I thought *The Washington Monthly* reported the news and drafted editorial articles based on knowledge of the facts and not hyperbole.

Lupo's decision in not allowing the testimony of three other alleged victims of Smith was a legal decision and probably a proper one. You call the women "victims," but it was never proven in any court that they were victims of Smith. They simply made charges after the fact that Smith had made similar advances toward them. None of these three women had ever filed any formal charges, nor had any investigation by proper authorities ever been undertaken. Their willingness to come forward only after the passage of time certainly put the defendant at a disadvantage and probably would have required three trials within the main trial to determine the true facts, all of which would be highly prejudicial to the defendant. I am not a fan of this generation of Kennedys, but they are entitled to a fair and just trial, the same as any other defendant.

I do not believe, if you were charged with such an act, that you would like the court to allow the introduction of your past conduct while a student at Columbia University and your other youthful activities, as spelled out in your autobiography. In most cases, this type of evidence is inadmissible, and Lupo acted properly and ruled as most of the judges in West Virginia would have ruled. Apparently no one argued that this testimony might have shown a course of conduct by Smith that might possibly have been a stronger legal argument than the claim that the prior acts were similar.

W.T. BROTHERTON JR.
Charleston, West Virginia

*Mr. Brotherton is a justice of the Supreme Court of Appeals of West Virginia.*

## I love Lucy

May's "Who's Who" suggests that Congressman Byron Dorgan hired Lucy Calautti as a favor to his fellow North Dakotan, Senator Kent Conrad, to whom Calautti is married. That's not true.

Lucy started working for Byron back in the seventies, when he was the elected state tax commissioner in North Dakota. When Byron won his House seat in 1980, he put Lucy in charge of his district office in Bismarck, the state capitol. Then, in 1986, Kent Conrad was elected to the Senate; Lucy came to Washington with him because they were married. It was hardly extraordinary that she should go to work for Byron, considering how long the two had worked together.

There is no doubt that your general point is true: that "Washington's favored technique for avoiding outright nepotism while placing relatives in nice jobs is to have a friend do the hiring." But the example doesn't fit. I worked for Byron in the early eighties, while Lucy was heading the Bismarck office. She was extremely effective in that post, and it is wrong to suggest that she got her current job as a favor to her husband.

JON ROWE
New York, New York

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# PRAEGER PUBLISHERS

## Our Right to Drugs
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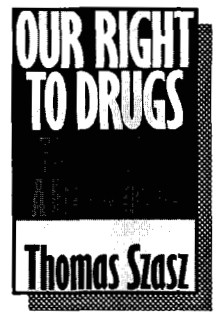
**By Thomas Szasz**

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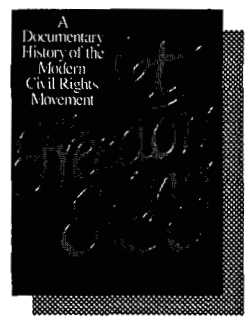
1992. 224 pages. ISBN 0-275-94216-3. $19.95 (cloth).

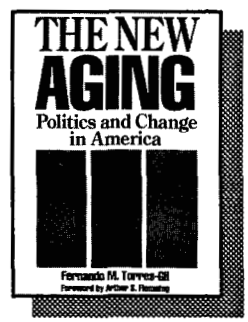
## Let Freedom Ring
A Documentary History of the Modern Civil Rights Movement
**Edited by Peter B. Levy**




"Historian Levy has collected and organized 95 documents covering the African-American civil rights movement from the early 1940s through the 1980s, concluding with a very helpful statistical appendix. He has mined a variety of sources, including speeches, sermons, essays, court cases, affidavits, memoirs, and commission reports. The book contains the words of the mighty—Martin Luther King Jr., Malcolm X, et al.—but also the testimony of the less famous, the field workers and foot soldiers of the movement. . . . this is a readable, valuable collection. Highly recommended." — *Library Journal*

1992. 296 pages. ISBN 0-313-27233-6. $15.95 (paper).

## The New Aging
Politics and Change in America
**By Fernando M. Torres-Gil**

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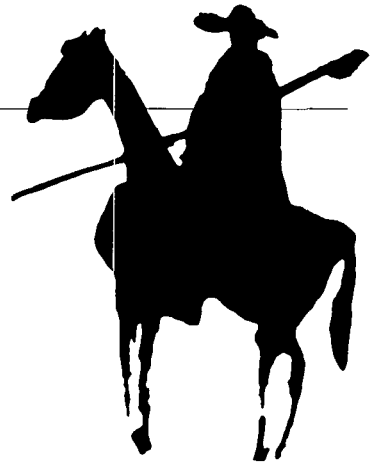
# TILTING AT WINDMILLS



Whenever you're tempted to admire George Bush, recall his remarks after being informed of the Rodney King verdict: "The court system has worked. What's needed now is calm and respect for law. Let the appeals process take place."

Is the president of the United States really unaware that not-guilty verdicts *can't* be appealed? Even worse, how could he have said the system had worked in this case? . . .

I am a great believer in juries. When I was practicing law, I rarely saw one reach a verdict I thought wrong. That experience, along with attending public schools and serving in the World War II army, remains one of the cornerstones of my faith in democracy. But there are conditions under which the jury system breaks down. They happen to be the same conditions that keep democracy from working in other ways. One is when one side can afford to hire a much better lawyer than the other. The second is when the jury is selected from a population that, rather than reflecting the country as a whole, is confined to one class or race or is otherwise likely to reflect the attitude of just one group. In Simi Valley, the jury, as almost everyone now realizes, was too white and too middle class. But don't let that tarnish your faith in democracy. Instead, let it inspire you to work to eliminate factors like economic disparity and racial prejudice that keep it from working. . . .

When it was submitted on December 20, the CIA's Task Force Report on Greater CIA Openness was stamped "Secret." . . .

Since the leak at its Bhopal, India, plant that killed 2,500 people, Union Carbide says it has made a major effort to improve its environmental record. But the results, as reported by the Charleston, West Virginia, *Gazette*, would not comfort me if I still lived, as I once did, near a Union Carbide plant: "It cut airborne cancer-causing emissions in half, from 3 million pounds in 1987 to 1.5 million in 1990."

That's like trying to reassure the soldier on the battlefield by telling him he has to dodge only 15 bullets instead of 30. . . .

Speaking of the *Gazette*, one of its reporters, Phil Kabler, was enterprising enough to look behind one of the 1-900 phone polls that are increasingly being used by television to gauge public opinion. This particular poll, by WCHS-TV, sought to determine voter preferences in the West Virginia gubernatorial primary. The incumbent, Gaston Caperton, won overwhelmingly in the phone vote. But Kabler got a list of the callers' phone numbers. It turned out that 223 calls came from the home phone of the governor's appointments secretary; 880 came from the home phones of two of the governor's campaign staff members; and 911 were made from the governor's campaign headquarters. These 2,014 calls were out of a total of 2,249 votes cast for the governor in the phone poll. . . .

The Rodney King verdict and the riots that followed may have helped Bill Clinton, who many people feel would do a better job of dealing with our racial problems than the other candidates. In a *Times Mirror* poll on this issue, Clinton led Bush by 7 percentage points and Perot by 18. My own feelings are similar. Watching Clinton speak at a black church, you know he's comfortable, and so is the congregation. In fact, you get the feeling that Clinton gets along easily and naturally with people from all walks of life. His desire to be liked by all may be a problem, but the fact that he obviously likes everyone is a great strength. . . .

It seems we have misunderstood the United Way executives. They're motivated, not



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by greed, but by the spirit of service. Amanda Bowman, who makes $107,000 a year as vice president of New York City's United Way, says, "I see my career here rather [like working for] the Peace Corps." . . .

Although I do not agree with Dick Cheney's conservative philosophy, I have been a longtime admirer of his competence. If we must have a Republican administration, I want Dick Cheney in it. It is in that spirit that I give him this serious warning: If he continues to oppose gays in the military, someone is going to expose the names of the many gays close to him. It will not be this magazine, but common sense tells me that some patriotic gays who know the story will become so incensed by Cheney's apparent hypocrisy on this issue that they will make the names known. One Cheney associate has already been outed but, fortunately for the man involved, not by a mainstream publication. Further revelations are more likely to appear in the major media, which will be extremely painful for Cheney and the people involved. The pain could be avoided simply by doing what's right and letting gays serve in the armed forces. . . .

You've seen the headlines—"Military Likely to Escape Cuts in 1993 Budget," "Seawolf Saved by Senate"—that suggest the Peace Dividend is shrinking faster than the rainforests. Congress is worried that canceling useless weapons, however desirable that might be, will add to the already high unemployment rate. In other words, it might be a good idea to reduce defense spending, but now is not the right time to do it.

I have a suggestion. Why not cancel the programs but continue to pay the workers their wages for six months or even a year? This would give them time to adjust, relocate if necessary, and get a new job. And it would still save a bundle on the overall price of the weapons. . . .

If you subscribe to *The New Yorker*, save the April 20th issue. If you don't subscribe, get a copy, because the "Talk of the Town" section offers the most concise explanation of the Canadian health care system that I've yet encountered. Tell your friends about it. We've got to stir the pot on this one. It is an issue that requires leadership from the people. Our politicians are either too cowardly to lead or wedded to an ideology that rejects the possibility that any government program could work.

"Take Senator Tsongas, for instance," a former dean of the McGill medical school told *The New Yorker*. "I just can't figure out why he would say that about the bone-marrow transplant." (Tsongas said that he might be dead today if he had been living in Canada because the bone-marrow transplant he needed when sick with cancer would have been unavailable there.) "As it happens, the two doctors who did the pioneering work that made that kind of transplant possible are good friends of mine. Both are Canadians; both work in the Ontario Cancer Institute; and both did their work with help from the Canadian government. Of *course* the operation is available here."

When Tsongas appeared on "Larry King Live," a Canadian caller made the same point. Tsongas smiled sheepishly and avoided a reply by moving on to another question. I don't believe any publication has done more than the *Monthly* to point out Tsongas' good side—we took him seriously last year when the rest of the press was laughing at the very idea of another Greek from Massachusetts—but I must say I was deeply disappointed by his lie about the Canadian system. I suspect it was part of his pandering to the Republicans, which we criticized several months ago. Or maybe it was just the fear of the American Medical Association and the health insurance lobby that paralyzes so many other politicians. . . .

Because the people who write "Talk of the Town" labor in anonymity, I asked Robert Gottlieb, *The New Yorker*'s editor, which staffers deserve credit for the Canadian health care story. The answer is a writer named Adam Gopnik and an editor named Chip McGrath. . . .

There is another reason—besides cowardice, ideology, and politics—for our leaders' lack of support for the Canadian system. It has to do with official perks and will, incidentally, help you understand why those perks are more than a minor scandal. When you read about a president or a congressman with serious health problems, the bulletin usually comes from the Bethesda Naval Hospital or the Walter Reed Army Hospital. Can you go there? Of course not. When the president needs medical attention that doesn't require hospitalization, he is taken care of—free—by the White House medical office. The same goes for his staff. Similar assistance is available to congressmen, and all federal employees are eligible for generous health insurance programs. So nobody in the Washington bureaucracy has to



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worry about his health care. Why should they worry about yours?

This is why the perks of officialdom are such bad news for the rest of us. They insulate our leaders from our problems. . . .

If you seek wealth but prefer education to commerce, hasten to California and get yourself appointed president of a university. I say this because the regents of the University of California have agreed to pay the departing president, David Gardner, who is retiring at 58, a lump sum of $797,000 plus an annual pension of $126,000. . . .

You may recall Katherine Boo's moving account in these pages about the marvelous work Washington's Whitman-Walker Clinic does for people with AIDS ["What Mother Teresa Could Learn in a Leather Bar," June 1991]. Now, however, the clinic is in danger of losing employees because of a radical increase—more than $300,000 annually—in the health insurance premiums it must pay. What a case for national health insurance! If the costs were spread throughout the entire population, groups especially exposed to health hazards would not be faced with paying more for their insurance. So there would be no financial deterrent to performing such good deeds as caring for the patients at Whitman-Walker. . . .

Some other *Washington Monthly* causes supported by recent developments include loser-pays rules for court cases and re-testing of older drivers.

*The New York Times* reports increasing evidence that insurance companies are litigating legitimate policyholders' claims instead of paying up. The reason is that many policyholders opt to abandon or reduce their claims because of the high cost of going to court. If loser-pays were the rule, the policyholder would know that, upon losing, the unfair insurance company would have to pay the legal fees. The insurance company would know, too, and therefore would be more likely to be fair in the first place.

As for older drivers, a couple of recent bloodbaths—in New York's Washington Square and at Chicago's O'Hare airport—have dramatized the danger that elderly drivers can pose to their fellow citizens. The simple truth is that after age 75, drivers are twice as likely to be involved in an accident. Yet only 16 states have laws requiring new road tests or physical examinations for elderly drivers. Obviously, there should be such requirements everywhere for drivers over 75. . . .

Inspired by reports of air travel abuse by Sununu and Skinner, a number of publications have been looking into the federal government's fleets of military and civilian aircraft. In the process, *The Federal Times* uncovered another scandal: An audit of government civilian aircraft concluded that 237 planes are missing. That's right, nobody can find them. Are they parked and forgotten in some hangar somewhere?

If that's not enough to worry you, consider another fact unearthed by the audit: 99 other civilian planes owned by the government fly fewer than 100 hours each year—not even two hours each week. The rest of the time they just sit there. . . .

Here's our monthly tax-deductible vacation bulletin: If you're an engineer attending the American Society of Civil Engineers convention in New York, you can add four glorious days in Bermuda at the Sonesta Beach Hotel & Spa—"the only beachfront hotel with indoor/outdoor swimming pools and European health spa"—and the rest of us will subsidize a hefty share of the bill because you will be able to say you attended "two half-day sessions on the engineer's role in facilitating sustainable economic development."

How can the millions of American professionals who work con games like this bear to self-righteously condemn people on welfare? . . .

If you need another example of professionals' lack of ethics, consider the reaction of a local physician after the government charged him and six other doctors with defaulting on huge student loans after they reneged on a pledge to work for the Public Health Service. The doctor says the case is nothing more than "a simple breach of contract." This reminds me of when Nixon tried to minimize the moral significance of Watergate by calling it a "mistake."

These doctors had accepted a free medical education from the Public Health Service in exchange for their agreement to serve in needy communities for two short years. And they wouldn't even do that. Were they so greedy that they had to get out there and make the big bucks instantly? . . .

How can we prevent drug companies from concealing test results so we can know their products' dangerous side effects and other drawbacks before it's too late? I'm indebted to Amitai Etzioni for the answer, which is: Don't let each company do its own testing; instead, have an independent laboratory, financed by all the companies, conduct the testing. This would probably save



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money because it would eliminate duplication of testing facilities. And it would certainly be more objective. The interest of the industry as a whole in protecting its reputation for quality would weigh more heavily than the interest of any one company in getting away with something. Besides, the other companies will not want the rogue firm to get away with siphoning off their profits with its flawed products. . . .

The hideous overpayment of corporate executives continues to be one of the great scandals of the era, with 1991 being another year in which declining profits were rewarded with increased compensation. But of all the depressing stories I've heard, possibly the worst, reported by Michael Kinsman of the *San Diego Union-Tribune*, is that members of the board of directors of San Diego Gas and Electric Company have awarded themselves $30,000 annual pensions on top of their $30,000 annual compensation. The average corporate director, as you know, devotes about one day every three months to his duties. If you live in the San Diego area, this should really tick you off, because both the salaries and the pensions are being financed by utility bills you pay. . . .

Charlie McDowell of the *Richmond Times Dispatch* has always stood out from the gray men of public television for both his good sense and his humor. I hope you saw—and will respond to—his eloquent appeal on "Washington Week in Review" for aid to public libraries. While a few libraries are generously endowed, most, especially those in poor communities, desperately need help. . . .

By now, you are probably aware of the vast fleet of chauffeur-driven cars available to transport Washington officials to and from home (a top hundred or so executives) and to and from lunch, meetings, and appointments around town (here the number of eligible officials has been in the thousands). But you may not realize how clever officials conceal the comfort level of the vehicles they use. Rarely are the cars Lincolns or Cadillacs. The wiseguys realize such names wouldn't look good on government documents that might be exposed to public view. Instead, the cars have names like Mercury or Ford, which reek of middle-American modesty. But when you meet these fellows for lunch as I do from time to time, you see that the cars they ride in border on luxurious, especially with a driver in the front seat. The trick is that the Ford will be a fully loaded Crown Victoria or the Mercury a Grand Marquis with all the trimmings. . . .

A scam parallel to the Grand Marquis is the $5 typically charged for lunch at various executive dining rooms used by top federal officials. When *The Washington Post* recently looked into this matter, reporters were righteously told that the $5 covered the cost of the meal. Upon closer examination, one usually finds that that price covers little more than the cost of the *ingredients*, omitting all or most of the following items: the salaries of the cooks; the wages of the serving staff; rent for the facilities; and the cost of silverware, china, and kitchen equipment. . . .

—*Charles Peters*

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# MEMO OF THE MONTH

MEMORANDUM

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**Mid-Manhattan Library**

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Re: Second Floor Windows  Date: April 10, 1992

To: Second Floor Staff MM  From: E. Steele MMADM E.S.

Windows on the second floor may not generally be opened by staff members, owing to the fact that they are difficult to open and pose safety hazards if they are improperly opened. Recognizing the desire of staff to immediately obtain additional fresh air whenever it is needed, Maintenance has designated 10 windows (marked by a white label with a number) which may be freely opened by staff members.

If staff members wish to have additional or other windows opened, they should notify the person in charge of the second floor, who should then call the administrative office on the mezzanine. The person in charge of the building will notify Maintenance of the request. If for any reason the windows cannot be opened or all windows must be shut, Maintenance will inform the administrative office. The person in charge of the building will notify the person in charge of the second floor, and they in turn will notify the staff on the second floor.

cc: T. Alrutz CLSADM
R. Goldstein MMADM
P. Carney MMMAIN
M. White LRO
MM Dept. Heads
MM Unit Heads
MMADM Staff



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# How Phil Donahue Came to Manage the '92 Campaign

by Jonathan Alter

A loss of control: You could say it's the thread running through the events of our time, but then the metaphor would be backwards. Rather, it's the thread that's unraveling through the events of our time. At the international level, the loss of control is generally good news. At the national level, the loss of control has us fearing the apocalypse. And in the media, it's a mixed blessing, suggesting promises and dangers at the same time.

The loss of control by despots and stultifying Communist bureaucracies is obviously the best news of the latter part of the 20th century. The world is freer now than at any time in human history, a strange and exhilarating concept we don't often pause to consider. Last month, South Africa announced that by the end of the year it would have a black president —at least on a rotating basis. It was ho-hum news, barely covered. The good news now comes at nearly the same pace as the bad news in the mid-to-late forties, when countries turning communist didn't always make the front page.

But if loss of control helped free the world, at home it translated into abdication of responsibility—on the part of government and the individual. We need only look to the Los Angeles riots to appreciate the powerful forces such irresponsibility has unleashed. But one bit of good news in the aftermath is that the idea of personal responsibility is finally getting a hearing. That means that when the process of regaining control resumes, there's hope that it can be accomplished from the bottom up.

The most poorly understood loss of control this year has been on the part of the media. Actually, coverage of politics by the so-called national media has not been as terrible this campaign as in 1988. Horse-race coverage is down;

*Jonathan Alter is a senior editor at* Newsweek *and a contributing editor of* The Washington Monthly. *This is an expanded version of a speech he delivered before Business and Professional People for the Public Interest, a Chicago civic group.*



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issue coverage is up. People who say they can't find details about where the candidates stand in the print press haven't been trying very hard. Even network television is making a greater effort to cover substance.

But it doesn't matter. The networks and other mainstream news organizations, which at one time dominated the election process, don't do so anymore. Talk shows from CNN's "Crossfire" to "Donahue" are increasingly warping traditional campaign coverage. Ross Perot circumvented the print press and the networks and announced his candidacy on "Larry King Live"; he may decide to forgo the campaign plane altogether and run his campaign by satellite linkup. Similarly, Jerry Brown has been more likely to pop up on the "Today" show or MTV than on "Nightline." And after taking a drubbing in the weeks leading up to the New York primary, Bill Clinton helped reverse his momentum not by a sit-down interview with *The New York Times* editorial board, or even with *Newsday*'s campaign correspondent, but by poking fun at himself in a short appearance on Don Imus' irreverent morning radio show. Today, his main hope for taking his case for redemption to the American people is on shows like these. After all, most voters don't watch "MacNeil-Lehrer."

The result is that the whole structure of the media, like that of other institutions, is coming unglued. Just as in the collapse of authority in the Eastern bloc—or in Washington—we are witnessing the dawning of a new media order. News used to filter down from the country's most powerful news organizations. Today, as we saw in the William Kennedy Smith case, when *The National Enquirer* sneezes, *The New York Times* catches a cold.

## Small media at large

Regardless of whether the national media's loss of control of the political agenda is good for America, it's clearly *not* good for the national media, which are floundering perhaps more than ever. They're neither confident enough to ignore the little guys nor humble enough—or crass enough—to follow up on their work.

Take the Gennifer Flowers episode. To have ignored that story completely would have been the equivalent of ignoring a group of strippers standing beside Clinton at an NEA convention. The entire presidential campaign shut down when Flowers made her allegations, and there was no way of pretending it didn't. So the big media held up the story with asbestos mittens. For lots of people the story was the story: *The Star*'s checkbook journalism, the "60 Minutes" rebuttal, and so forth. (I played that game myself, getting some of the Gennifer details through customs as part of a media critique.) But, believe it or not, Gennifer Flowers was never interviewed by any of the networks. Then again, she didn't need them to get her story out. Tens of millions saw her on Fox's "A Current Affair." Worst of all, few major news organizations took the time to either check out Flowers' claims about her background (many of which turned out to be bogus) or to track down areas of inquiry suggested by the tapes. They just related the story without doing their job, which is to report.

Still, it's hard to blame the big guys. When they have gotten down into the dirt recently, it's had a remarkable tendency to smudge their own faces. Remember Fox Butterfield's embarrassing investigative work on the William Kennedy Smith case? Or Maureen Dowd's front-page review of Kitty Kelley's Nancy Reagan bio?

Clearly, the media elite's in a bind: Damned by the highbrow if they do, damned demographically if they don't. So confounded are editors that *The New York Times*, for example, consistently reports breaking character news as news briefs deep inside the paper and puts follow-ups on page one. When *Vanity Fair* ran a story mentioning the issue of George Bush's alleged mistress, it was reported in a tiny box buried in the national section. You can't ignore the story, but you can't quite run with it either.

It's a quandary that will only become more complex as technology further restructures the business of information. Desktop publishing now allows virtually anyone to publish a magazine; video technology takes TV where it has never been before; C-Span broadcasts round-the-clock, real-time news; fiber optics networks will soon bring whole libraries into the home. These all have the potential to redefine power relationships, to further dilute the power of the media elite.

Call me Pollyanna, but I see a silver lining in this loss of control. First, when fewer than half of Americans vote, it's pretty churlish to complain about fringe-media dominance; we should probably thank God that the fringe media, which reaches tens of millions more Americans than "Washington Week in Review," is paying attention at all—that Phil's fans get an hour with Brown and Clinton instead of just more lesbians who hate other lesbians' mothers. And shows like "Donahue" and "Larry King Live" and some radio talk shows—which the elite media view as faintly demagogic—actually contribute something positive to the political process. They allow viewers to ask questions and get closer to the candidates than they would in the requisite 60-second piece on "World News Tonight." And many of the questions callers ask are good ones. (Recall that when Donahue interviewed Clinton, his audience wanted more *issues*, not more sex.) At their best, Phil and Larry and Brian Lamb's C-Span interviews are as democratic as American media politics gets.



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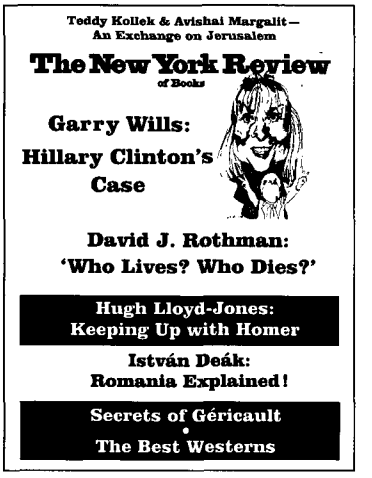


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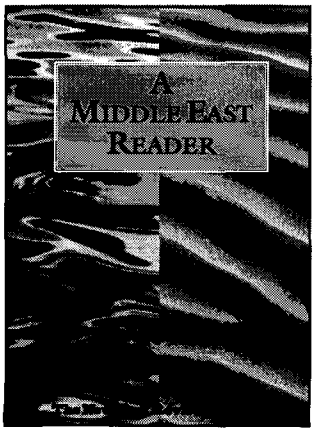


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If the media splinter is arguably good for democracy, it's also a swift kick in the pants for the national media, which can easily be insulated from the issues that affect middle America. In 1988, I began putting together a *Newsweek* feature called Conventional Wisdom Watch, not only for a good chuckle, but to alert people to the tyranny of the conventional wisdom, where elites think the same thing at the same moment—and are usually wrong. With any luck, the democratization of the media will loosen the stranglehold of conventional wisdom.

In some ways, that's already happening. One reason the national press didn't wax indignant about congressional pay raises last fall was that to well-salaried Washington columnists, those raises seemed fully justifiable. But what talk-radio hosts and small-town editors did that the elite media couldn't was reach the part of the country with an average income of $28,000, not $108,000—and let those folks communicate their opinions (or in this case, their outrage). As the midnight raise turned into a month-long controversy, congressmen were forced to make their case for upping their pay—something the fully sympathetic national media hadn't really required them to do.

Consider also the House Bank uproar. Well over a year ago, *The Washington Post* ran a story revealing the mismanagement and overdrafts but downplayed its findings. And this past fall, over at *The New York Times*, a long (inside) article appeared when the story broke, rationally attempting to explain why the overdrafts were of minor significance. In the meantime, *USA Today*—a popular tip sheet for radio talk-show hosts—trumpeted the news on its colorful page one. Sure enough, the public looked right past the establishment papers and spun into a frenzy.

An additional—and not unrelated—benefit of the new media order is that spin control is now a hell of a lot harder for national politicians. Congressional leaders can convince *The Washington Post* they need higher salaries, and Bill Clinton can make nice with *The New Republic*. But when Dan Quayle's press secretary, David Beckwith, was trying to spin radio talk shows not long ago about allegations of his boss' drug use, he had to stealthily resort to identifying himself as "Dave, a caller from Washington, D.C."

## A current despair

Still, it'd be foolish to assert that the new order is all benign. Context—the sense of proportion—that was once something the mandarins of the business could control, is now in the hands of people who cannot be described as journalists. Consider the Gennifer Flowers fiasco again. *The Star* and "Inside Edition" can't tell you, for context's sake, that great presidents like Franklin Roosevelt had mistresses—that disqualifying a candidate on that basis is folly. One reason is because they can't really tell you much about Franklin Roosevelt. Even if they do understand the subtleties, though, there's little incentive to try to explain them since they only lessen the punch of a sexy story. And, given the mass-market audience, sex is something even Larry King and Phil Donahue have to respond to.

In general, we now have lowest-common denominator journalism, where the sordid tends to drive out the important, where more people know that Robert Alton Harris ate pizza at his pre-execution dinner than could tell you even the most basic differences between the candidates on health care. This may help to explain how America as a whole got into such a pickle in the eighties. The pop media defines news as what's visual and stark. Issues like global competitiveness, the S&L mess, and the deficit are hard to understand and a little boring.

And now, sick as it sounds, a whole presidential campaign may turn on the fact that Democratic mistresses are less discreet than Republican ones. The candidates talk substance, but if people get their news about politics from a combination of "Inside Edition" and local news, they won't hear it. A woman asked me recently, "Why don't the Democratic candidates ever talk about conservation?" In fact, Brown and Clinton talk endlessly about it. But what the candidates say when they aren't attacking each other is not defined as news, so it rarely gets reported, so people think the candidates aren't saying anything, and on and on in an endless cycle of alienation.

This points to perhaps the most disturbing aspect of the new media order. Yes, the big media needed a comeuppance, and these tiny amino acids now eating away at our certainty are generally healthy. The problem is that—despite one's best optimistic, antielitist arguments—the new hegemony of Phil and Larry clearly isn't teaching Americans enough about the people who will lead them. And it's probably not teaching the smug media elite a lesson about what the average man wants in his news, either. Rather, it may be propelling that media out of the business of reaching the average man altogether. In the future, the national media may increasingly become an elite media shaping elite opinion—with *The Washington Post*, "The CBS Evening News," and *Newsweek* all going for the same few million people who run the country. A lot of journalists will make perfectly fine livings doing this (and certain elite advertisers will love it), but the big guns will have ceded the mass market altogether. And they will thus have ceded their connection, however tenuous, to the majority of people who live—and vote—in America. □



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# Old Money

*Why the mighty AARP spends as much furnishing its offices as it does on programs to help the elderly*

by Christopher Georges

The American Association of Retired Persons (AARP) receives approximately $75 million annually from the federal government to run a pair of job training and placement programs for older Americans—two of the largest of their kind. A recent phone call to AARP's Washington, D.C., headquarters to inquire about enrollment in the programs led to the following:

The caller, after unsuccessfully attempting to explain the programs to two befuddled receptionists, was bounced to Jack Everett, an official in the organization's Senior Employment Office, who cheerfully explained that AARP offers no federally funded job placement or training programs. Everett suggested calling the Department of Labor (the agency that pays AARP $52 million to run one of the programs) for help. He also offered other ideas, like, "Try the phone book under the senior citizens section," and suggested contacting the National Council on Senior Citizens, another, smaller advocacy group for older Americans. He even threw in some job-training advice: "You'll need a resumé. That's always a good first step. . . ."

Everett's not alone. Similar inquiries at AARP offices in major cities in 16 states turned up like responses: Only six of the offices were aware that these programs even exist, although AARP literature boasts that they're offered at 108 sites across the nation. One office suggested calling Elder Temps, a privately run job-placement firm. Another advised calling the Jewish Council for the Aging. Several others suggested enrolling in an AARP job search workshop and seminar—for a fee of $35.

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*Christopher Georges is an editor of* The Washington Monthly. *Research assistance was provided by Greg Bologna.*



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In a way, those phone calls distill what's wrong with AARP, one of America's largest and most influential nonprofit organizations: In its brochures, it's dedicated to helping seniors work, play, and wield power. In real life, however, helping itself seems to be Job One. "It's no more than a big business," grumbles Virginia Fine, who until last year was an officer of a California AARP chapter. "The whole Washington operation is simply geared toward making money." A close look at the mammoth nonprofit's Washington command central offers a fair amount of evidence to back Fine's charge. In 1990, for example, AARP spent about as much on office furniture and equipment as it did on programs to help its 33 million elderly members.

## The world according to AARP

Why should you care? If you're over 50, odds are you're a member: More than half the over-50 population has paid the $5 dues to belong. Next to the Catholic Church, it's the largest membership organization in America. But even if you're not an AARP card-carrier, you're paying for the organization's extravagance anyway, because AARP receives, in addition to its federal grants, a federal subsidy equivalent to nearly $20 million a year.

Of course, AARP's nonprofit status also grants it something money can't buy—the trust of millions of older Americans: trust to represent their interests in Washington, to sell them worthy products, and to use their dues and fees in their best interest. For most of the organization's 34 years, the media and AARP members have accepted that trust at face value. But a peek at AARP's finances and lobbying efforts suggests that this trust may not always be well-earned.

AARP describes its mission as threefold: to lobby on behalf of seniors; sell them products and offer them discounts on other goods and services; and provide them with the chance to both volunteer their services and benefit from the volunteer work of others. For their $5 investment, members get an assortment of goodies: a subscription to *Modern Maturity*, AARP's bimonthly magazine (far and away America's largest, with a circulation five times that of *Time*); discounts from car rental companies, major hotel chains, airlines, and on American Express travel packages; and, of course, the opportunity to save money on health insurance, prescription drugs, and other products sold by AARP.

And sell it does. AARP's nine business enterprises sustain a cash flow of about $10 billion annually and revenues of nearly $300 million, with the greatest portion coming from AARP's centerpiece enterprise: group health insurance. With more than 5 million policy holders, it's the largest of its type. Last year, AARP profited nearly $100 million from this business alone. AARP's only role in selling the policies is as a middleman: AARP's partner, Prudential Insurance, offers the policies, which are promoted through AARP publications and direct mail solicitations. For every policy sold, AARP receives a 4 percent administrative allowance simply for collecting the premium and passing it on to Prudential.

AARP's mail-order pharmacy, one of the nation's largest, brings the organization about $3 million per year. Its direct mail operation is so massive that AARP sends more than 1 percent of the entire nation's nonprofit third-class mail. Add to this the $100 million it collects



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each year in membership dues and the interest on about $50 million from Treasury bills, and total annual revenues add up to about 10 times the take of the United Way.

The United Way: Come to think of it, the comparison doesn't end there. AARP devoted about $30 million last year, and just $14 million in 1990, to programs aimed at directly assisting the elderly—a pittance compared to the funds it lavished on itself. Perhaps the most conspicuous symbol of AARP's use of resources is its new 10-story Washington headquarters. Leased for about $16 million a year, the 500,000-square-foot building is one of Washington's most alluring. Fellow lobbyists refer to the structure as the "Taj Mahal"; *The Washington Post*'s architecture critic described it last year as "a knockdown surprise, a classical package whose odd vigor is at once apparitional and relentless."

It's little wonder he was impressed: The structure, crowned with a medieval-style turret, boasts a state-of-the-art radio and TV broadcast studio, a fitness center, and a beautifully appointed marble lobby. Office lights are guided by motion sensors; even the stairwells are wallpapered and carpeted.

Nor was expense spared in furnishing the thing. Dozens of mahogany bookcases costing $1,800 each, for example, are built in throughout, and stained-glass windows adorn every floor. Total costs for furnishings and equipment came to $29 million in 1990.

"Even people here wonder if it's proper for a nonprofit for the elderly to be housed this way," says one AARP insider. As for the old furniture, it now sits idle in a Virginia warehouse rented at AARP expense. AARP officials defend the costs, saying that they sought to construct a building that would last for years to come. Also, they say, internal calculations showed that moving the old furniture to the new building would have cost just as much as the new decor.

Still, the decor is chump change compared to the $43 million spent on salaries for the 1,100 headquarters employees. "There are layers of people here, many of whom have little or nothing to do," says one D.C. insider. Busier, apparently, are the organization's lawyers. AARP pays out nearly $2 million annually in lawyers' fees, which is more than it devotes to all but four of its more than a dozen elderly assistance programs. AARP, in fact, retains two sets of lawyers: an in-house counsel and a team of lawyers from the New York firm of Miller, Singer, Raives, and Branden. The two lead attorneys, Alfred Miller and Lloyd Singer, have been closely associated with AARP since 1971, when the firm was formed specifically to provide legal counsel to the organization. Former AARP executive director Jack Carlson, who was fired after a 15-week tenure in 1987 following a dispute with the board of directors, explains that the lawyers' roles range from overseeing the business enterprises to monitoring committee meetings. "They permeate the whole organization," Carlson says. "There's a heavy-duty orientation to the commercial side and they didn't want anyone to come in and sabotage it."

Overseeing the empire today is executive director Horace Deets, a former Jesuit priest who joined AARP in 1975. He is described as a low-key leader who travels frequently and who views his mission as decentralization of AARP and "intergenerational expansion" (that is, recruiting younger members). His salary is $200,000—not in the Aramony stratosphere, but at the high end of the spectrum of nonprofit executives' salaries. Deets reports to a 15-member board of directors and six national officers—all of whom are unpaid volunteers with roles limited mostly to making ceremonial appearances at functions representing AARP, attending conventions, and sitting on various committees that oversee AARP's commercial enterprises. Board members and about 250 other top-level volunteers scattered throughout the country enjoy expense accounts, free travel, and other perks that were worth about $11 million in 1990 alone.

Back in Washington, the 1,100 paid staffers are apparently not enough to get the job done at AARP-central. Every year, nearly $10 million is doled out to an army of consultants brought in to write public opinion polls, newsletter copy, and radio scripts and to perform other odd jobs, like providing "media training" to top-level volunteers preparing for radio and television appearances. AARP officials say they are unsure how many consultants are hired each year, but insiders place the number in the hundreds. Last spring, AARP paid nearly *$2 million* to a consulting firm to run an in-house workshop called "communicating with co-workers." Another consulting firm, Synectics of Cambridge, Massachusetts, was called in to instruct AARP employees on how to better provide input on projects and set priorities in the office. The amount Synectics received is unknown, but it was enough to prompt the firm to set up a satellite office in Alexandria to serve AARP. And last July, as staffers prepared to move from the old AARP building to the new headquarters, more hired guns were ushered in—in this case to help train employees in how to pack their belongings into boxes for moving.

## Hot for profit

While the Washington crowd enjoys the riches of the organization, the level of support that flows back to members is rather paltry. Of the approximately



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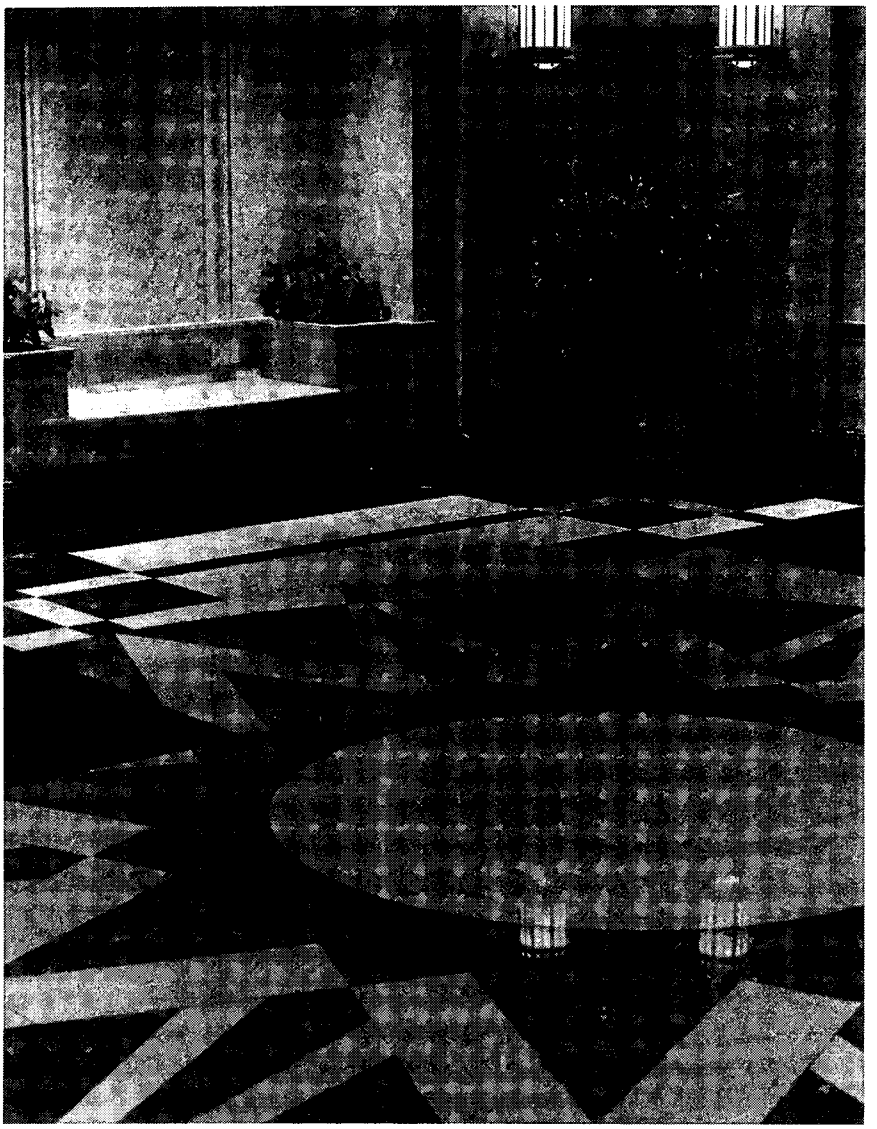
$30 million spent assisting the elderly in 1991, $4 million went to coordinate programs such as educational forums and diet and exercise activities, $4 million was spent on the biennial convention, and $3.7 million was devoted to "education of older workers and employers in matters of obtaining employment . . . keeping employment and retirement planning." With respect to the last program, what AARP neglects to mention in its public financial records is that it also *charges* members $35 to enroll in such courses.

AARP has a penchant for charging members for services. One of the organization's most popular assistance programs is its 55/Alive driving education course for seniors. It is, of course, an important and useful service, but while AARP spends about $2.8 million to run it, it also *collects* an $8 fee from most of the 450,000 enrollees.

Leaders of local AARP chapters across the country also charge that the national office, despite its bulging bankrolls, does little to support them beyond printing pamphlets and offering moral encouragement. Many chapters hold bake sales or fundraisers to scrape up money for meetings or events. The scant support shows. So disorganized were local chapters that when phone inquiries were made regarding three of AARP's most vaunted volunteer programs (legal aid services, Medicare/Medicaid advice, and a widow support service), only about a third of the offices contacted had any idea that the programs exist.

The response wasn't much better when similar inquiries were made to the Washington headquarters about its Medicaid/Medicare assistance program and the Financial Information Program (offering advice on money-related topics). In each case, callers were told that no such programs exist. But inquiries about purchasing health insurance and prescription drugs were handled promptly.

Another example of AARP's emphasis on profits over service occurred last year when chapter officer Virginia Fine of the Sacramento, California, AARP asked AARP's national office for a list of all AARP members in her region in an attempt to encourage members to become more active in the local chapter. AARP refused to release the list, saying it was confidential. Eventually she and other local leaders petitioned the state attorney general to force AARP to release the names. Why the hesitancy from Washington? Its 33-million-name list is the heart of AARP's financial empire; alone it's worth millions of dollars, since direct mail solicitations are the corner-



Photo/Jennifer J. Peabody

**The lobby's lobby: AARP's swank new digs**



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stone of its fortunes. So protective of this list is AARP that its bylaws call for expulsion or suspension of any member who releases "a complete or partial list of members" without written permission from AARP's president.

## Capitol crimes

Of course, direct services to the elderly aren't AARP's only game, as officials there are quick to tell you. AARP's real forte is helping its members on Capitol Hill. AARP's legendary lobbying arm, which absorbs about $18 million of its budget, includes a team of 18 lobbyists and researchers in its policy shop, the Public Policy Institute. As expected, chief among AARP's causes are averting cuts in benefits for the elderly, protection of pensions, and various health care initiatives. AARP's lead lobbyist, John Rother, describes his team's lobbying style as "low key," presenting carefully researched data rather than holding press conferences or issuing "damning reports."

AARP has in past years been charged with neglecting the elderly poor in favor of the well-to-do, who are more likely to buy its services. More and more congressional aides and lobbyists, however, now credit AARP with placing greater emphasis on issues like low-income housing, as well as reemphasizing long-time causes like age discrimination, Social Security, and consumer-related issues. Yet some congressional AARP watchers still argue that the lobby has been conspicuously silent in several recent battles over bills designed to assist the elderly that could, coincidentally, also threaten AARP's financial empire.

➤*Medigap insurance reform:* In 1990, after investigations into Medigap insurance (policies designed to offer seniors coverage in areas not covered by Medicare), Congress, convinced that insurance sellers were swindling many seniors into buying protection they didn't need or already had, moved to clean up the mess. The reform legislation, which called for a fairer system for seniors but a less profitable one for insurance providers, won the hearty support of all seniors groups—except, according to congressional aides involved in enacting the legislation, AARP. AARP officials today insist that they fully backed the legislation. But one senior-level aide to a congressman who sponsored the measure disagrees. "They met with us and gave some suggestions, but most of these were on how to *soften* the bill."

➤*Prescription drug prices:* After congressional hearings in 1990 found that drug companies were overcharging Medicare for pharmaceuticals, legislation was introduced to force lower fees. The bill aimed not only to save the government billions of dollars, but also to help people insured through Medicare, who often faced out-of-pocket costs of 50


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cents to a dollar per prescription, limits on the types of medications covered, and in some cases restrictions on the number of times they could refill those prescriptions. The losers were, of course, the drug sellers, who'd see their profit-margins diminish. Again, full support came from almost every seniors group except—you guessed it. While Rother insists that AARP worked hard to enact the bill, Hill staffers close to the legislation again disagree. "Sure, we wished AARP would have supported it, but they weren't involved," says a senior Senate staff aide instrumental in the bill's enactment.

➤*National health insurance:* Instead of endorsing any of the nearly one dozen plans introduced in Congress, AARP recently released a preliminary draft of its own health insurance plan, one it claims is best for all Americans, not just the elderly. While it includes a few "Canadian-style" features like universal long-term care coverage, the plan is, first and foremost, a "play-or-pay" model that calls for employers to provide insurance to employees or pay into a public fund. Employer-based programs have received criticism from other elderly groups because they do less for seniors than Canadian-style systems. As a result, elderly advocates question AARP's motives in eschewing any of the proposed Canadian-style plans, noting that an employer-based model, unlike nationalized health care, would allow AARP's $100 million insurance-selling enterprise to survive.

If the profitmaking impulse occasionally affects AARP's lobbying efforts, it also sustains the group's flagship publication, *Modern Maturity*, which the organization considers a crucial tool in its mission to educate seniors. While the magazine is filled with innocuous service pieces, there is a seamier side to the publication: its thinly masked mission to promote AARP's business enterprises. A survey of recent issues showed that on average more than a third of the advertising inches promoted AARP-sponsored products or services offered by its discount partners. In fact, about one in every 10 pages featured an ad pushing an AARP product. (Competing products and services almost never appear in the magazine.)

Of course, *Modern Maturity* doesn't run articles that outright endorse any of AARP's products or services. Instead, what you'll find on, say, the page opposite the health column is a full-page ad for the organization's insurance plan. And while articles offering advice on how to wisely invest money don't make specific mention of AARP's investment service (and of course omit mention of other plans, no matter how highly rated), they do appear close to ads for AARP's Scudder investment plan. "They wouldn't write a piece on a trip to the Second Coming unless it was operated by American Express tours," says Leonard Hansen, a New Orleans-based syndicated columnist on elderly affairs.

You might think some of AARP's members would get wise to self-promotion like this and do something about it. But while there are nearly 4,000 local AARP chapters across the nation, each with its own elected leadership, members have little voice in setting AARP policy. Washington keeps a tight grip on the selection of both regional and state leaders. State directors, area vice presidents, and state coordinators are all appointed by AARP's Washington-based executive committee. In the past, members attempting to assert their own opinions on political issues have faced the wrath of the Washington office. Ted Ruhig, who served several terms as an officer of AARP's Carmichael, California, chapter, was a regional director of AARP's voter education drive in 1989. Unhappy with AARP's position on catastrophic care legislation, Ruhig spoke out publicly against the lobby. A few weeks later, he received a letter from the Washington headquarters thanking him for his years of service to AARP and dismissing him from his leadership post.

"Occasionally we have to terminate people," Rother explains, "although it's not a pleasant thing to do."

## Elder hostile

From the headquarters to the magazine, AARP seems a lot more of a business than a charity or grassroots lobby. In fact, the organization has in many respects evolved into a giant merchandising company that taxpayers subsidize to the tune of millions of dollars. "If I could, I'd walk into AARP and immediately shift the money around," Kurt Vondran, a lobbyist with the National Council on Senior Citizens, says enviously, thinking of the services and programs that could be created with that glorious $300 million budget.

Of course, Vondran's wishes aside, AARP doesn't *have* to chuck the mahogany bookcases, the box-packing consultants, the $11 million executive perks, or the selling obsession. It doesn't *have* to start functioning as a nonprofit, running programs on behalf of the seniors it's chartered to serve. There's another reasonable option. AARP can keep on peddling those products and living as baroquely as it likes —just as long as it drops the charitable cover and pays its taxes like other American businesses. That'd mean, hmmm, millions of dollars saved every year by the federal government—probably a bigger help to America's older people than the AARP will ever be. □



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# TIDBITS & OUTRAGES

**ISN'T IT BAD ENOUGH THAT WE ALREADY SENT THEM GUNS AND MISSILES?**
The U.S. government has impounded 2,000 teddy bears that had been donated to the children of Iraq. One member of the U.S. delegation to the U.N., Russell Graham, explained the seizure this way: "The problem would be the precedent they would set."

**"IT WAS EITHER THAT OR BUY MILK FOR THE ORPHANS."**
Rep. Robert Dornan explained that the check he bounced in the House Bank scandal was used to buy stones for his backyard shrine to the Virgin Mary.

**PENTAGON DEPLORES WIDENING POOL GAP**

## Budget, defense cuts could affect Oak Ridge swimming pool repairs

News-Sentinel Oak Ridge bureau

OAK RIDGE — President Bush doesn't know it, but his State of the Union speech may affect Oak Ridge's massive outdoor swimming pool.

The 47-year-old, 58,000-

said Wednesday, on the heels of Bush's Tuesday night address.

Among Bush's proposals: $50 billion in defense spending cuts over the next five years, affecting Oak Ridge's Y-12 nuclear weapons plant, which employs about 7,000 people.

**"SIR, I DON'T THINK WE CAN HOLD OUT MUCH LONGER—WE'RE ALMOST OUT OF PAPER CLIPS!!"**
The Navy recently awarded the Bronze Star to a public affairs specialist for his Desert Storm service in Saudi Arabian press centers as a "Desk Officer."

**GREAT MOMENTS IN BUDGETING I**
*The Los Angeles Times* reports that Carolco Pictures, which gave Arnold Schwarzenegger $9 million and a personal jet for making *Terminator 2*, has responded to financial difficulties by cutting off free milk for employees' cereal.

**GREAT MOMENTS IN BUDGETING II**
Despite budget cutbacks and staff layoffs, the San Diego Museum of Contemporary Art has decided to spend between $30,000 and $40,000 to change its name to Museum of Contemporary Art, San Diego.



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# Stealing Home

*How the government and big banks help second-mortgage companies prey on the poor*

by Mike Hudson

Just before the credits roll in the movie *Tin Men*, a couple of 1960s aluminum-siding salesmen commiserate about losing their licenses to hawk home improvements. A city commission has decided to punish the "tin men" who steal the equity in people's homes through shoddy work and overpriced second mortgages.

"You wanna know what our big crime is?" asks tin man Richard Dreyfuss bitterly. "We're nickel-and-dime guys—just small-time hustlers who got caught because we're hustling nickels and dimes."

In real life, three decades later, tin men are still plying their trade in cities across the United States, and home equity rip-offs are no longer nickel-and-dime stuff. Instead, they're well organized, demographically marketed, and nationally franchised. Second-mortgage companies have raked in billions of dollars by fanning out salesmen to slick-talk inner-city homeowners into signing high-interest loans to repair aging rowhouses, pay off medical bills, or stave off foreclosure.

Hundreds of thousands of homeowners have been victimized in the past decade. Tens of thousands have lost their homes; still more have seen their equity sucked out by exorbitant fees and usurious interest rates charged by predatory mortgage companies. Homeowners make ripe targets because they've spent years building up equity in their homes—and because runaway inflation in real estate values has left them sitting on equity gold mines in spite of their modest incomes. Many are targets because they are old or illiterate. Others are vulnerable simply because they are poor and black; they have nowhere to go for credit because mainstream lenders—the banks and savings and loans that have made the American dream of homeownership possible—are

*Mike Hudson is an Alicia Patterson fellow on leave from the* Roanoke Times & World News. *Research assistance was provided by Shawn Westfall.*



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reluctant to lend money to residents of working-class black neighborhoods. With mainstream credit cut off, homeowners desperate for cash turn to second-mortgage companies that charge 20, 30, sometimes even 40 percent annual interest.

How does the scam work? Consider 84-year-old Roland Henry. In 1989, real estate entrepreneurs Kevin Merritt and his assistants spotted Henry through a foreclosure listing service. Merritt, then 29, had been working in the Los Angeles real estate market since he was a teenager and claimed to have accumulated a net worth of $10 million. Henry, who got no further than sixth grade, had bought his home three decades earlier with earnings made by selling homemade tamales on street corners in Watts. By the time Merritt got to him, Henry, nearly blind and confined to a wheelchair because of arthritis, was facing foreclosure on two home-equity loans he had taken out when he purchased what he thought was $180 in carpeting.

Merritt offered to help Henry save his home by giving him yet another loan to pay off his debts to the first two lenders. Henry claimed that Merritt fooled him into signing away his two-bedroom house. Merritt claimed Henry knew exactly what he was signing. A civil jury believed Henry. His family was awarded nearly $1.7 million from Merritt's firm this spring. Henry, however, didn't get to hear the verdict. He died last year.

Last May, Merritt was charged with 32 felonies alleging the theft of equity and homes from poor people. He has also been sued at least 175 times. But Merritt, who denies the charges, is still in business—and an increasingly lucrative business it is.

According to Duff and Phelps Credit Rating Co., home equity lending jumped from $1 billion in 1982 to $100 billion in 1988. And while the second-mortgage industry can be a pretty dirty business, to many mainstream banks and S&Ls, the money to be made from it has proved a great temptation—so great that they've helped maintain the home-equity feeding frenzy by bankrolling the tin men: advancing them money for operating expenses and buying up the loans after the ink dries. For example, a subsidiary of the Fleet Financial Group, New England's largest bank, extended a $7.5 million line of credit to one of the region's most notorious lenders, Resource Financial Group. A study last year found that more than three quarters of the Boston families who borrowed money from Resource were facing foreclosure or had already lost their homes.

Fleet is not alone. While most home-equity loans involve middle- to upper-income borrowers, the low-end market and its tantalizingly high interest rates have attracted the attention of financial institutions from Citibank to Security Pacific to the former Bank of New England. (According to surveys by the Consumer Bankers Association, between 1990 and 1991, the proportion of big banks buying home equity loans on the secondary market jumped from 12.5 to 20.9 percent.) In a way, these large institutions had made the second-mortgage business possible by denying mainstream credit to poor and black homeowners. Today, they're profiting from their prejudice.

What do federal regulators say about all this? The usual response is a variation on the theme "It's not our job." Federal bank officials do nothing to regulate second-mortgage companies (which are not depository institutions) and have shown little interest in the banks' role in the problem. In fact, some regulators have suggested that banks could improve their Community Reinvestment Act ratings—which gauge how well banks provide credit to minority and low-income citizens—by purchasing high-rate second mortgages on the secondary market.

This leaves responsibility for cleaning up the mess with the states, many of which have been less than vigilant about policing the industry. In Massachusetts, for example, second-mortgage companies have generally been permitted to charge whatever interest rate they want, as long as they notify the state attorney general in writing if they intend to charge 20 percent or more. It's a little like saying it's OK to rob a liquor store as long as you've dashed off a note to the cops announcing your intent.

The victims of the new tin men aren't all blameless; often their own errors in judgment have allowed the con artists to take advantage. But most are longtime homeowners who give stability and a sense of community to neighborhoods threatened by unemployment, drugs, and gangs. And they are a population in need of legislative protection every bit as much as middle-class S&L depositors whose losses are covered with taxpayer money. Instead of helping out, government, through deregulation, has left these homeowners as legally powerless as they are politically impotent.

## Home cheat home

Before the Rodney King riots, the working-class flatlands of South Central Los Angeles had a check-cashing outlet on corner after corner—Gee Gee Liquor on S. Normandie; Cash Now Inc. on S. Figueroa; Nix Check Cashing on Martin Luther King Jr. Boulevard—133 outlets in South Central alone. These are places that don't take deposits or make loans; they simply cash checks for a fee that ranges from 1 to 21 percent of the check's value. Some check-cashing outlets set up mobile offices at public



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housing projects on the first and fifteenth of each month to cash tenants' government aid checks.

What you won't find in this neighborhood are a lot of banks or S&Ls. There are only 19 in this slice of southern L.A., an area that's home to more than half a million people. The majority of residents are black or hispanic with low or moderate incomes—not the kind of customers banks like to court. With few mainstream banks to turn to, these residents often are without savings accounts and fail to develop the kind of longterm relationship with a bank that is needed to get a loan. Yet many of these residents have at least one valuable asset— one of the thousands of modest, two-bedroom homes built after World War II when veterans poured in to take jobs in factories and nearby shipyards. In the early sixties, a small house with a picket fence cost around $7,000. Today it might be worth $150,000.

**The dizzying paperwork that accompanies mortgage applications makes it easy to mislead someone who's financially unsophisticated. There's a slogan sometimes used in the business: "Cash out the deal before the customer comes out from under the ether."**

The property-rich but credit-starved homeowners are easy targets for second-mortgage companies. Their salespeople use reverse phone directories (which list residents by address) or canvass door-to-door in targeted zip codes. Attorneys say some salesmen cruise these neighborhoods, spot likely houses, and use their car phones to call their offices, which then tap into real estate databases to see whether the owner is a promising mark. The salesman finds out what product a homeowner wants, such as a satellite dish, then sells it to him on credit, securing the loan with a second mortgage on the house. The dizzying paperwork that accompanies mortgage applications makes it easy to mislead someone who's financially unsophisticated. There's a slogan sometimes used in the business: "Cash out the deal before the customer comes out from under the ether."

Some mortgage brokers routinely check foreclosure notices and then lure troubled homeowners with offers to help them save their property. Some will lend a resident money at a high interest rate to get the home temporarily out of default. Others persuade the homeowner to sign over the house until the back debt can be paid off. Unsuspecting homeowners sometimes sign away their homes without knowing it.

It's difficult to put a precise number on how many people across the country have been victimized, because many are too embarrassed or confused to come forward. But it's clear that the number is huge: In 1990, the Better Business Bureau received nearly 130,000 inquiries and 3,100 complaints about consumer finance and loan companies, mortgage and escrow companies, and loan brokers. And a quick sampling of court cases from around the country shows that second-mortgage abuses are anything but uncommon:

➤In Chicago, Community Bank of Greater Peoria agreed to pay up to $5 million to settle a class-action lawsuit involving more than 6,275 plaintiffs. The borrowers said they were victimized by deceptive loans from 40 tin men who had working relationships with the bank.

➤In New York state, the attorney general has charged a mortgage company, Dartmouth Plan, with defrauding as many as 20,000 borrowers and then siphoning $25 million out of the corporation via a phony employee stock plan. New York has also sued a dozen banks that bought mortgages from the company and plans to sue a dozen more.

➤In Connecticut, Dartmouth paid about $4 million to settle a criminal investigation of fraud charges involving 7,000 homeowners. Connecticut officials said the company made mortgage loans in at least 38 states before going out of business in 1990.

➤In Alabama, three juries hit Union Mortgage of Dallas with more than $57 million in fraud verdicts. In one case, five families won $45 million after being taken by a tin man who the company had hired despite a record of at least 14 previous lawsuits, liens, and court judgments against him. Attorneys for the victims say Union made 40,000 predatory loans across the country.

➤In Virginia, two firms, Landbank Equity and Freedlander Inc., operated giant fraud schemes—stealing from borrowers and investors alike—until the companies' top executives were arrested and sentenced to prison. Landbank made 10,000 loans in five states. Freedlander, once the nation's fourth largest mortgage company, expanded into 33 states and made 37,000 loans totaling $675 million.

Why has such an old scam suddenly become a booming business? Union Mortgage, Landbank, and



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the rest have thrived thanks to the erosion of regulatory protections for consumers—especially low-income ones—that began in the late seventies and reached a fever pitch during the Reagan era. Throw in economic displacement and recession, and poor people are more vulnerable than they've been in decades.

They're people like James Hogan, 52. Three years ago, he thought it would be simple to do a little work on his seven-room home in Atlanta. At the time, he owed about $7,000 on the house. Today, two equity loans later, he's a squatter in his own home. Fleet Finance, a subsidiary of Fleet Financial Group, is now the owner. Only a class-action lawsuit coordinated by Legal Aid lawyers has prevented Hogan's eviction.

His problems started when he signed up for a home-improvement loan from a local company, Tower Financial Services, which in turn sold the loan to Fleet. A contractor earned $6,200 for work that an appraiser later valued at $3,474. As Hogan struggled to make the payments, a loan broker persuaded him to take out a debt-consolidation loan from Parkway Mortgage. Parkway took nearly $4,000 in prepaid finance fees on the $34,000 mortgage. At 21 percent interest a year over 12 years, the total ran to nearly $85,000. Hogan—who has worked as a truck driver, laborer, and part-time janitor in recent years—wasn't able to keep up with the $581-a-month payments, so Fleet foreclosed and bought the house at the foreclosure sale. "What I so long dreamed about when I was coming up, I said one day I'd like to have me a home," Hogan says. "So I finally got one, and after 20-some years I'm about to lose it *just like that*. It's more than emotion. It'll almost drive you crazy."

Could New England's largest bank be fleecing James Hogan? Of course not, Fleet officials say: The high-interest lenders that its second-mortgage subsidiary worked with were completely separate businesses. Besides, Hogan's fleecing is perfectly legal. "These people may be poor and illiterate, but no one puts a gun to their head and tells them to sign," Fleet Vice President Robert W. Lougee Jr. told *The Boston Globe*. "This idea that Fleet should regulate the world is preposterous."

In the face of media criticism and an attorney general's investigation, Fleet has pledged two low-cost loan pools for poor borrowers in Massachusetts. But the bank is still fighting hard against lawsuits in other parts of the country. It's protected by commercial laws that make it tough for borrowers to pin legal responsibility on a bank that has purchased questionable loans unless they can prove the bank knew or should have known that the original lender had been guilty of fraud.

That's a pretty slippery standard. In Atlanta, for instance, an enterprising *Boston Globe* reporter discovered that Fleet Finance took the homes of 126 borrowers in the first five months of 1991—or one home for every eight mortgage loans it made or bought during that time. Compare that record to a Consumer Bankers Association study that found that, among big banks making home equity loans nationally, just one in 75 mortgages went into default (with only a small portion resulting in foreclosure). Is that exploitation, or simply good business?

Critics of Fleet and other banks that play the second-mortgage market have yet to produce clear proof to back their most serious charge: that some mainstream lenders actually set up second-mortgage and home-repair companies as front operations to insulate themselves from liability if lawsuits emerge. But there is circumstantial evidence in some cases. Court records show that Home Equity Centers—which has been accused of racketeering along with Fleet in a class-action lawsuit in Atlanta—received a business loan from Fleet in 1985. Over the next six years, the company unloaded more than 90 percent of its mortgages in Georgia's DeKalb County to Fleet. Both companies deny any wrongdoing.

## Rotten regs

The sequence of events that helped bring companies like Fleet and Home Equity Centers together began in the late seventies, when runaway inflation added urgency to bankers' calls for deregulation of mortgage rates. A 1980 federal banking overhaul signed by Jimmy Carter struck down all state usury laws limiting the interest rates that could be applied to mortgages. The change was meant to affect only first mortgages, but second-mortgage companies found ways to use it to their advantage. If the loan company refinanced a homeowner's original mortgage, it was still generally considered a first mortgage despite the large fees and new, higher interest rate. The states had the choice of rewriting their own usury laws or sticking with the federal exemption. Only 16 states decided to write their own laws, and, taking their cue from the federal government, many also struck down limits on second-mortgage interest or created a long list of loopholes.

The result was a wide-open system that creative lenders could easily exploit. In Pennsylvania, one finance company used the federal first-mortgage loophole to avoid interest caps on used-car loans. The company was free to charge whatever rate it wanted by requiring that borrowers secure their loans against their cars and their homes or the homes of co-signers. The company charged annual rates as high as 41 percent.



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According to testimony in a lawsuit, one down-on-his-luck borrower who tried to return his car was told: "We don't want your car; we want your aunt's house."

## Landshark

Thanks in no small part to the poverty of the borrowers, monitoring the second-mortgage industry is not much more politically urgent in most jurisdictions than monitoring pet stores. During the eighties, as many as 17 states didn't require that second-mortgage lenders be licensed. For seven straight years, Massachusetts lawmakers killed legislation aimed at regulating them before exposés in the Boston media shamed the legislature into enacting a licensing law in 1991.

Even when wrongdoing is strongly suspected, the political indifference can be astounding. In 1989, *Newsday* revealed that the New York state attorney general's office had failed for more than four years to notify 451 borrowers that they were paying a Long Island lender possibly illegal mortgage rates that could have been challenged or renegotiated. At the same time, the attorney general's office *did* call or send letters to 1,023 investors warning them not to sink any more money into the company because it was under investigation for possible securities fraud. Nearly 200 borrowers had lost their homes by the time *Newsday* broke the story.

Perhaps no place is more wide open than Virginia, where the state legislature removed its 18 percent cap on second-mortgage interest in 1981. A few months before, Bill Runnells, an eighth-grade dropout and former Bible salesman, founded the notorious Landbank Equity in Virginia Beach. Runnells, who shaved his head and liked to hide behind dark glasses like his hero Howard Hughes, had a history of corporate collapses and dodged subpoenas. "I have an IQ of 160," he told one reporter. "I will never commit a crime I can be convicted of." (He spoke too soon: He was eventually slapped with a 40-year prison sentence for defrauding investors.)

Landbank sold itself to unlucky borrowers through the persona of "Miss Cash." "When the banks say 'No,' Miss Cash says 'Yes.' " The company routinely charged up-front fees of 40 percent or more and annual interest rates that reached 30 percent. Runnells' salesmanship was made possible by three dozen banks and S&Ls that cheerfully lent Landbank operating funds and then bought its mortgages. Another Landbank benefactor was Fannie Mae, the quasi-government agency that encourages home ownership by buying mortgages from local lenders. The stamp of approval from Fannie Mae—which bought $20 million in mortgages from Landbank—helped the company expand into other states. In five years, Landbank raked in $200 million.

To keep the Virginia state government friendly, Landbank nurtured its ties to several key legislators or their law firms. One lawyer/legislator, State Senator Peter Babalas, got $66,000 from Landbank through a monthly retainer. In 1984, Babalas used his vote to help kill a bill that would have put a stop to price-gouging by Landbank and other second-mortgage companies. One Landbank record of a $3,000 payment to Babalas included this notation: "This was one we agreed to pay after he stopped legislation in Richmond." The state senate censured Babalas.

After lawsuits piled up—and investors realized that they too were being flimflammed—consumer advocates complained that Virginia authorities were more worried about bailing out S&Ls that had lost money on Landbank loans than about helping borrowers whose homes had been stolen. State officials said consumer laws were so weak that there was little they could do to help borrowers. "There will never be enough law to protect all consumers," the state commissioner of financial institutions remarked. "I object strenuously to being told I have to fasten my seat belt. I'm overprotected these days when I try to get the top off an aspirin bottle."

## Tin mend

But clearly, desperate homeowners could use a little protection. Oddly enough, federal and state regulators could learn a thing or two from the reforms that brought down the cinematic tin men—a commitment to license salesmen and lenders and put reasonable limits on their interest rates and fees. Regulators should jerk the licenses of those who take unfair advantage and penalize the banks that support them.

Of course, the tin men thrive because mainstream banks—and federal, state, and local governments—won't invest in poor neighborhoods. The best way to end second-mortgage scams is to eliminate that discrimination. Listening to today's presidential candidates does not inspire hope that the political leadership necessary to make that happen will spring up any time soon. But getting tough with the mortgage industry—through licensing, fee and interest caps, and aggressive state investigations of complaints—could and should happen.

Near the climax of *Tin Men*, one tin man's boss warns that an investigation is heating up: "Any of those scams you guys are running, if they get wind of it, they're gonna take your license—and it's goodbye to business." It's about time bankers and legislators started sending the same message to scam artists like Kevin Merritt and Bill Runnells. □

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# WHO'S WHO

The hottest rumor in local press circles is that **Sy Hersh** is working on a book that will show that **Bob Woodward** was either a CIA agent or had very close ties to the agency. . . .

Speaking of Woodward, **Lamar Alexander** was one of the hits of this year's Gridiron dinner with his number about the recent series Woodward and **David Broder** wrote about **Dan Quayle**:

> Best piece on Dan
> Best piece that ever ran
> Next day they'll say Nixon's all right
> Praise the Lord, they've seen the light.

And speaking of the press, did you know that **Pat Buchanan** made more than $800,000 last year? His column earned him $102,000, but it was speeches ($237,000) and television fees ($438,000) that should have him trading in his Mercedes for a Rolls. . . .

Insiders say that the rising power in the Bush campaign is **Jim Cicconi**, a lawyer with Akin, Gump. The reason is that he's **James Baker**'s man, and Baker wants to have a strong voice in the campaign without giving up his post as secretary of state. . . .

Another cause for Republican campaign optimism is the appointment of **Mike Farren**, the undersecretary of commerce for trade policy, to the Bush/Quayle campaign staff. Farren, the insiders know, is the man who really ran the 1988–89 transition when **Robert Teeter** and **Craig Fuller** were sulking because **John Sununu** had kept them from getting the jobs they wanted for themselves. . . .

Did you know that **George Bush** tried to persuade **Jimmy Carter** to retain him as director of the CIA when Carter succeeded **Gerald Ford**? We didn't, but that's what **Richard Ben Cramer** reports in his forthcoming *What It Takes*. Just think, if Carter had said yes and Bush had turned out to be as loyal to him as he was to **Ronald Reagan**, Bush's career would have gone down the tubes with Carter's in 1980. . . .

A White House source tells us we were wrong to call **Sam Skinner**'s deputy, **W. Henson Moore**, arrogant. His bluster, we are told, comes from being "scared to death," a state he is said to share with Skinner, whose main preoccupation seems to be keeping his fingerprints off any White House action that might get him into trouble.

Of the two, Moore is the one insiders are confident will go soon. Skinner has one redeeming qualification as chief of staff that may lead to his survival. He is a good listener, which means that all points of view can be confident of being heard at the White House. . . .

Speaking of the White House, although **Marlin Fitzwater** was guilty of attacking the Great Society for causing the Los Angeles riots, it was Fitzwater and **Robert Teeter** who led the behind-the-scenes struggle to make **George Bush**'s speech about the riots more understanding of black frustration and not simply a law-and-order tirade. The hard-liners consisted of **William Kristol**, the vice president's chief of staff and son of the neoconservative godfather **Irving Kristol**; **Dan Quayle** himself; and in an unusual alliance, **Sam Skinner** and **Dick Darman**. Curiously, the hard-line version of Bush's speech was written by **David Demarest**, usually a moderate, while the more understanding draft was penned by **Tony Snow**, the conservative former editor of *The Washington Times* editorial page. . . .

While cynics here have been saying that Senator **Orrin Hatch**'s questioning of **Anita Hill**, as well as that of **Alan Simpson** and **Arlen Specter**, was scripted by the **Bush** White House, evidence to support the charge has yet to be uncovered. It appears, however, that *Roll Call* has a smoking gun in another case in which Hatch may have had the services of a ghostwriter. It has found a memo written by a BCCI lobbyist that it calls "almost identical" to a speech Hatch subsequently delivered on the Senate floor defending the Justice Department's inept handling of the BCCI investigation. . . .

Watergate aficionados will be interested to hear that **Spencer Oliver**, the Democratic National Committee official whose phone was tapped as part of the infamous Watergate office bugging scheme (the tapping, by the way, showed that calls were made from Oliver's phone to a call-girl service) is now the chief counsel for the House Foreign Affairs Committee. . . .

On **Ross Perot** as fruitcake: Have you heard the one about when Perot wanted his childhood home restored to its original appearance? White paint that had been applied over the years could not be removed to give the bricks the red color they had when Ross was a lad. So he had the bricks reversed one by one. . . .

—*Susan Threadgill*


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# The Tyranny of the Contented

*Don't blame Bush and Reagan for that screw-the-poor ethic. Blame yourself*

by John Kenneth Galbraith

Since the advent of the current recession, the Reagan and Bush administrations have endured a fair amount of criticism for cutting welfare and similar expenditures while lowering taxes to the special benefit of the rich. To opponents, these fiscal policies seem to betray a deficiency in compassion: a cruel diffidence toward the needy and oversolicitousness toward the privileged that will soon prove the Republican Party's political undoing. Yet as critics probe Republican psyches, they miss a political point. The rationale for the fiscal policies of the past decade lies not in "indifference" or political error, but in a current truth of American taxation —the marked asymmetry between who pays and who receives. Those pursuing aid-the-rich, hurt-the-poor policies have been reacting faithfully to the will of their constituency: the majority of voting Americans who are economically and socially contented.

In past times, the economically and socially fortunate were, as we know, a small minority. Now in the United States, the favored are numerous—greatly influential of voice and a majority of those who vote. This, and not the division of voters between political parties, is what defines modern American political behavior. This, and not the much celebrated circumstance of charismatic political leaders and leadership, is what shapes—and limits—modern politics. Thanks in no small part to the new power of the contented, our collective view of what government can and should do for its people is being continually narrowed. Thus homelessness, hunger, inadequate education, drug affliction, and poverty in general are being continually sanctioned by active democracy.

For a considerable, though by no means the entire, range of public services, the supporting

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taxes fall on the contented; the benefits accrue to others. In particular, the fortunate in the polity find themselves paying through their taxes the public cost of the functional underclass, and this, in the most predictable of economic responses, they resist. There follows a highly understandable resistance to all taxation. Yet, unfortunately, the services these taxes pay for are elemental to the lives of the poor—and increasingly, the poor alone.

In the United States, as in other industrial lands, the poorest people must rely on the government for publicly subsidized shelter. In no economically advanced country—a sadly neglected matter—does the market system build houses the poor can afford. There is also reliance on the government in the United States for food stamps and the welfare and child support that prevent starvation. The comfortably situated provide their own shelter and food as a matter of course.

In less marked manner, the same is true of education. Whereas the poor have no alternative to public schools, the more fortunate pay separately, in effect, for their own. These are either the better-financed public schools of the affluent suburbs or private schools. In the latter case, the fortunate have to pay twice, and one of their more plausible reactions is the recurrent suggestion that they should be remitted the equivalent of the taxes they pay for public education in a voucher usable for private schools of their choice. Thus they would escape the burden of the double educational cost. By convention, however, this is not put so rudely; freedom of choice, liberty, the wise privatization of public activity—these are the most frequently heard justifications.

The perverse relationship between taxes and public services goes further. The poor need public parks and recreational facilities; in the suburbs these become of diminished importance, and the very affluent have and enjoy private clubs, golf courses, and tennis courts. The poor need public libraries; the more fortunate can buy books or have libraries of their own. Many of the poor live in the inner cities, where police presence is necessary every day; in the suburbs such protection is of less urgency and, in any case, is specific in its services to those who comfortably reside there. For those at yet higher levels of income, there are private security guards, the number of whom now exceeds the number of publicly employed policemen in the United States. Less ostentatiously there are doormen and alarm systems to protect the occupants of the better urban apartment buildings.

Similarly, public hospitals and other health services at public cost are essential for those of lesser income; the comfortable have access to private hospitals and health insurance. As with the schools, they must, in the end, pay for both public and their own private health care.

## Selective service

From the foregoing comes the broad attitude toward taxes in our time and, in great measure, toward government in general. The fortunate pay; the less fortunate receive. The fortunate have political voice, the less fortunate do not. It would be an exercise in improbable charity were the fortunate to respond warmly to expenditures that are for the benefit of others. So government, with all its costs, is pictured as a functionless burden—which for the fortunate, to a considerable extent, it is. Thus any proposed increase in tax revenues is not seen as going to necessary and legitimate purposes of the state; rather, it is viewed as an appropriation by those whose commitment is to expenditure per se. It will be squandered by the dedicated "big spenders."

Yet the reaction of members of the contented majority to the costs and purposes of government is also highly selective. There are some public services and functions that have their approval. Defense is the clearest case, serving in the past as the obvious antidote to their deep, even paranoiac fear of communism. Now, with the collapse of that presumed enemy, the industries involved still draw on their own indigenous political power. Similarly, support to failing financial institutions—first the great savings and loan rescue and later that of the commercial banks—is a fully defended function of government, however evident the financial extravagance and larceny that made it necessary.

It is not coincidental, of course, that many of these expenditures—like Social Security—exist largely to preserve the incomes of the contented. And the substantial role of the government in subsidizing the well-being of the majority deserves more notice than it gets. Where the impoverished are concerned, government support and subsidy are seriously questioned as to need and effectiveness of administration and as to their adverse effect on morals and working morale. This, however, is not true of government support to the comparatively well-off. By Social Security pensions or their prospect, no one is thought damaged, nor, as a depositor, by being rescued from a failed bank. The comparatively affluent can withstand the adverse moral effect of being subsidized and supported by the government; not so the poor.

By and large, then, the contented majority views government expenditures with distrust—such distrust that raising taxes to pay for them has become a political taboo. The Reagan administration made opposi-



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tion to tax increases and, in fact, a substantial reduction in income taxes a centerpiece of its agenda. And Bush was no less specific: His pre-election promise not to raise taxes was the best publicized of his policy commitments.

Both men saw a restriction on taxes as a design for restraining government activity as a whole, their favored exceptions apart. Both, it is clear, were responding not, as some thought, to a personal political view; they were correctly interpreting the highly evident preference of the contented electoral majority. This constituency warmly supported Reagan; when Bush seemed even marginally to defect from its interests by accepting a small tax increase in 1990, he was excoriated. The political damage was so severe that he actually apologized for the decision two years later.

## The big shill

Because the contented are a majority, Democratic presidential candidates must be no less acquiescent to their desires than the Republicans. No action on behalf of the poor—improved welfare payments, more low-income housing, general health care, better schools, drug rehabilitation—can be taken without feeling the backlash of those comfortable Democrats opposed to higher taxation. Accordingly, in a dominant Democratic view, reference to such efforts must be downplayed or, if necessary, avoided. Liberals, as they are known, are especially warned: Whatever their personal opinion as to the larger well-being or the longer future, they must be practical. If they want to win, they must not threaten the community of contentment.

That is surely why all recent presidential elections have been fought between exponents of the broad position of the contented majority. In 1988, for example, Democratic candidate Michael Dukakis largely abandoned the issues that might be adverse to the culture of contentment and made "competence" a central theme. Not surprisingly, the traditional and seemingly more reliable exponent of comfort won. Many decades ago, President Truman observed that when there was a choice between true conservatives and those in pragmatic approximation thereto, the voters would always opt for the real thing.

In short, voters are correct to perceive that the difference between the two parties on the immediately affecting issues is inconsequential. And politicians are justified in fearing that running for office promising better service to those most in need is an exercise in political self-destruction. Thus, until the disenfranchised vote or revolt, the tyranny of the contented is ensured—and the grim implications are ours to live with. □

# The Washington Monthly

## JOURNALISM AWARD

FOR MARCH 1992 IS PRESENTED TO

**James Risen and Robert A. Rosenblatt**
*Los Angeles Times*

One of the few consolations of the S&L mop-up was the idea that all the jets, ranches, pianos, and fine art seized from broke and decadent S&Ls would be resold at market value, softening the $500 billion blow to taxpayers. But in their March 26 story, Risen and Rosenblatt expose a snag in even the recovery attempt. Desperate to avoid full-blown bailouts of teetering S&Ls, the clean-up crew at the Resolution Trust Company (RTC) has occasionally cut some cozy deals with Wall Street—deals that promise to *add* hundreds of millions to the bailout bill.

Goldman Sachs is the beneficiary of one such hidden agreement. Under that contract—a lagniappe to the investment bank after it helped rescue a New Jersey S&L—the RTC must now strip $3 billion in loans and other assets from seized thrifts across the country and sell them to the investment bank at a deep discount without competitive bidding. While the net cost to taxpayers on this deal will be around $150 million—small potatoes in the $500 billion scheme of things—the net effect of the *Times*' even-handed account is to convince us we'll be seeing more like it as the S&L saga continues.

**The Monthly Journalism Award** is presented each month to the best newspaper, magazine, television, or radio story (or series of stories) on our political system. Nominations for any newspaper, magazine, or radio or television station in the country are welcome. The subject can be government in its federal, state, or municipal manifestation. Please send nominations to Monthly Journalism Award, 1611 Connecticut Ave. NW, Washington, D.C. 20009. Two copies of the article or broadcast text should accompany the nomination.

Nominations for stories published or aired in June will close July 15. The winner will be announced in the September issue.



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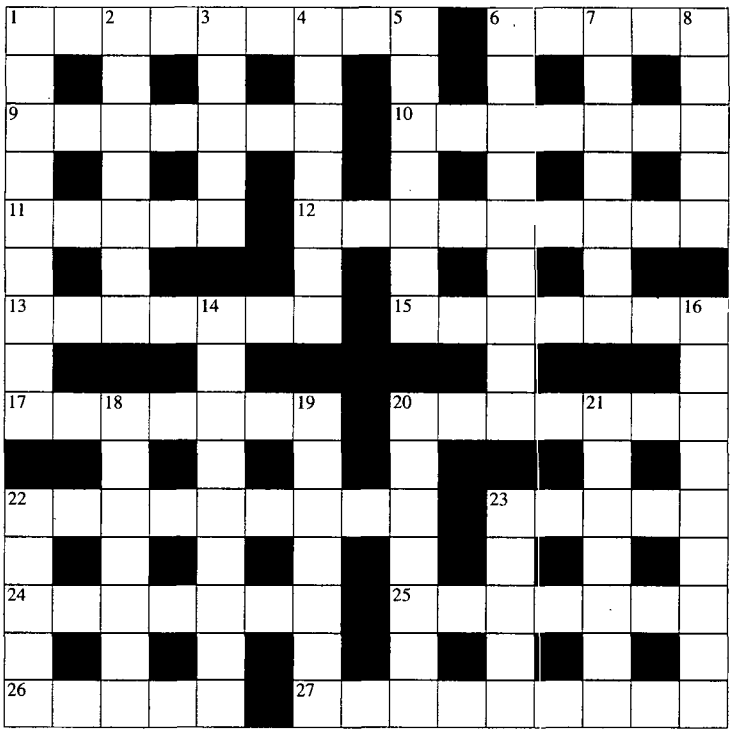
# POLITICAL PUZZLE

## by John Barclay

The numbers indicate the number of letters and words, e.g. (2,3) means a two-letter word followed by a three-letter word. Groups of letters, e.g. USA, are treated as one word.



### ACROSS

1 & 6. Beleaguered country changes to summit stance. (9, 5)
9. Point of view upsetting Dr. Stein. (7)
10. Think to place evil in contest. (7)
11. Transform gin to mill product. (5)
12. Recess any business required. (9)
13. Sad rite performed for angry outbursts. (7)
15. Home feature made Leo a hit. (3, 4)
17. Minced hash after end of game is common. (7)
20. Veer and dip wildly to cut someone short. (7)
22. Those who choose poor lessors, etc. (9)
23. Color in Vietnamese piano factory. (5)
24. Former president returns before last fight to eat his words. (7)
25. Row around hotel is less substantial. (7)
26 & 27. Feature of 1 & 6 Across makes USA pay part twice. (5, 9)

### DOWN

1. Time comet orbiting for Hill group. (9)
2. Discipline a German leader. (7)
3. Stir suet around last of soup for surprise. (5)
4. Purposes of popular accommodations? (7)
5. Taxi returning into company for road play. (7)
6. Sea spills over commercial record. (5, 4)
7. It is mean to make Virginia agree. (7)
8. Establish three points before my opponent. (5)
14. People in control spray mace, do cry. (9)
16. Reference from Ruth and Esau's entanglement. (9)
18. Agent for expansion is endlessly dawdling. (7)
19. The agency controlled a rot inside a new nation. (7)
20. Computer posted 1,000 in code. (7)
21. Trace trim pin assortment. (7)
22. Brings up some leather. (5)
23. Lots of eggs sent up around North Havana address. (5)

*Answers to last month's puzzle:*

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# Empires of the Sons

## (And the Friends, and the Mistresses . . .)

*Not every political appointee's a Dean Acheson—or even a John Dean. Here's where the White House buries the bad ones*

by Eric Konigsberg

If George Bush is famous for his thank-you notes to valuable campaigners, House Minority Leader Robert Michel is better known for thank-you jobs. He can arrange a political appointment in the Bush administration for anyone he wants, and most of the time it's in the General Services Administration (GSA), where his friend Dick Austin has worked as a high-level executive for years. Thus it was business as usual one day in 1987, when Michel asked Austin to help out his longtime campaign manager, Paul Cation.

Cation, a lawyer, was recovering from mental problems aggravated by alcoholism, but favors are favors. Austin hired him as a $35,000-a-year "confidential assistant." Favors still being favors, Austin kept him on the payroll the next year, although the FBI had notified GSA that Cation was under investigation for bank fraud. Even after he was disbarred and arrested, Cation was allowed to keep his job, and even had it after he was convicted on 15 counts of lying about his indebtedness to obtain large loans, thereby defrauding five banks of more than $500,000. It wasn't until Cation was actually sentenced to six years in prison in January 1989 that Austin forced his assistant to give up his political plum.

The Cation affair wasn't brought to light until March 1990, when Austin's nomination to become administrator of GSA came before the Senate. The nomination hearings also revealed that during Austin's year and a half as acting administrator, the number of political appointees at GSA had increased 40 percent. Among the appointees were several persons GSA considered security risks because of severe personal financial problems, but who were hired nonetheless. Austin eventually forced one of these appointees, Chief of Staff David Godfrey, to resign after more than $1.5

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million in judgments accumulated against him. But it probably wasn't a painless decision; Godfrey's patron was another one-man job corps: Senator Phil Gramm.

That Dick Austin was confirmed anyway, and that he still holds his post, tells us more about Washington political appointments than it does about him. It wasn't that Austin wanted a bunch of ne'er-do-wells on his staff. He was simply holding the bag for the Bush administration and Republican Party leaders who had favors to repay. And as White House personnel understands, those favored have to be put *somewhere*, even if they're mental cases, rabid ideologues, callow children of big donors, or simply incompetent. So where can administration officials best bury this political garbage? For decades, GSA has been one of the federal government's preferred landfills, with 17 administrators in 22 years and a breakneck parade of lesser officials spinning through the revolving door of one of Washington's worst administered and most wasteful agencies.

**With the White House setting the standard, it's no wonder that USIA Deputy Director Gil Robertson felt justified in bringing in Jody Ann Zolinski, a cashier in a deli he frequented, as the cultural affairs officer for Haiti.**

Political connections breeding political jobs is no scandal in itself. Sometimes it's government's saving grace. When strong presidents, cabinet or department heads, and congressional leaders inspire smart loyalists to take up public service, government benefits enormously from fresh blood, dedication, and new ideas. Unfortunately, not every political appointee is a Dean Acheson—or even, for that matter, a John Dean. "Within any administration, there's always a certain number of 'must-hires,' sponsored by political clout," explains Pendleton James, one of Reagan's personnel chiefs. "The must-hires are typically not the cream of the crop, or else they'd have gotten jobs on their own. . . . Any administration will have a certain amount we'll have to dump, and it's terribly frustrating."

Toss a whole bunch of those "must-hires" into one agency, and it can also be terribly frustrating for the taxpayer. Today, in addition to GSA, the Small Business Administration (SBA), the Agency for International Development (AID), the Department of Agriculture, the Office of Personnel Management, and certain divisions within the departments of Commerce and Justice are the most expansive dumping grounds for marginal Republicans who want to cash in their campaign chits for one of Washington's 3,000 political jobs. "You always have to take some turkeys, and Washington can afford to carry them," says a former top official in both the Reagan and Bush administrations—that is, if you put them where they can't do much harm. No one's going to let a fringe fundamentalist from Idaho set trade policy. But some garbage isn't buried deep enough to prevent serious human and economic damage.

How serious? Let's look at the HUD scandal for starters. As Deputy Assistant Secretary Dubois Gilliam explained to Congress several years back, Sam Pierce's agency was a legendary landfill. "Pierce got loaded up on him a group of Young Turks who were very political and on a [White House personnel] must-hire list, and we had no housing skills whatsoever," he complained. One of those Turks was Pierce's executive assistant and top aide, Debra Gore Dean, a former bartender and waitress. She became something of a household name when she was charged with steering funding for projects to prominent Republicans and other friends. And then there was the handsomely paid Deputy Assistant Secretary Janice Golec, whose previous work had included a secretarial stint in the White House and a job as an airline stewardess. She was given her post as a favor to Lee Atwater. Still, she was slightly more qualified than 24-year-old Reagan campaigner Joseph Strauss, who was shunted off on Pierce as a special assistant. Not that Strauss was stupid. He stuck around just long enough to make contacts and then split to set up a consulting firm that pulled in $1.7 million in fees from developers interested in HUD.

But let's not forget Gilliam himself, who was sent to prison for taking between $100,000 and $1 million from a developer. He'd been sponsored by a wealthy Nebraska Republican after heading an organization for young black conservatives. He arrived at HUD fresh from being fired from his post at the Department of Justice.

Dumping of this sort reflects, more than anything, White House contempt for the agency it dumps on—a contempt that has one of two sources. In some cases, like SBA and GSA, the agency hasn't been much good at fulfilling its mission for decades, and person-



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nel staffers are rightly cynical about its necessity to the republic. In other cases, like AID and HUD, the hostility is primarily ideological: *We shouldn't be throwing money at the Bangladeshis or subsidizing housing in the first place, so who cares who we put in charge of the program.* (Under Reagan, that hostility extended to the whole government—except the military.)

Of course, in either case, loading up an agency with bad apples only exacerbates its root problems instead of addressing them. Let's say the White House's distaste for the agency is on target. Then that agency should be abolished, saving taxpayers millions, even billions. But if the White House is wrong, the agency's important purpose is being perverted. Whichever the case, when the White House unloads, Americans lose—either as recipients of government services or as taxpayers who make those services possible. And a trek through the federal government's primary political landfills suggests that America may be losing a lot more, and a lot more often, than you think.

## New hack city

While every presidency has its own idiosyncratic criteria for deciding where to dump the marginally qualified, there are two central questions members of White House personnel usually ponder. First, is the given agency's mission peripheral to the president's program? (Bush isn't going to be asked a lot of questions about efficiency at GSA.) Second, is the agency head personally outside the White House power loop? (In other words, if we dump on this cabinet member, can he complain directly to the president?) As Pendleton James explains, when White House personnel comes knocking with its dreaded list of must-hires, "the agency heads with clout say, 'No way.'" The ones without that clout? Well, look at what happened to U.S. Information Agency (USIA) head Charlie Wick, who proved in the eighties that even being a pal of Reagan's wasn't enough if White House personnel had your number.

As USIA's number of political appointees grew from two under Carter to more than 60 by the mid-eighties, congressional investigators began to call the trend Kiddiegate. For among those appointees were Caspar Weinberger Jr.; Barbara Haig; a daughter and two nieces of Robert McFarlane; Monica Clark, daughter of Deputy National Security Advisor Bill Clark; Laurette Conkling, daughter of the Voice of America director at the time; and Daniel Wattenberg, son of the popular conservative, Ben. But who was Wick to complain about the unqualified? His previous work experience had included running a bunch of nursing homes and arranging scores for orchestra leader Tommy Dorsey.

In addition to the kids, there were the zealots who helped Reagan win the fundamentalist vote. USIA's grants program, for instance, was run by a right-winger named Bob Reilly, who made sure USIA money served his causes. For instance, he awarded $100,000 to Young Americans for Freedom to introduce young European journalists to political figures ranging from Jesse Helms (on the *left*) to then-Rep. Larry McDonald, a member of the John Birch Society from Georgia. The students got a weekend of moral guidance at Liberty Baptist College from Jerry Falwell. Even *The Washington Times* poked fun at it.

With the White House setting that sort of standard, it's no wonder that USIA Deputy Director Gil Robertson felt justified in bringing in Jody Ann Zolinski, a cashier in a deli he frequented, as the cultural affairs officer for Haiti.

The Bush administration had its opportunity in 1988 to change the tone at USIA. Instead it chose to repay a campaign favor by appointing to the agency's top spot a pharmaceutical executive and Bush fundraiser, Bruce Gelb, who was at Andover and Yale with George.

Of course, dumping isn't the sole province of White House personnel. In every federal agency there's a "turkey farm" (or two, or ten) chock-full of incompetent civil servants—folks who can't be fired because of civil service rules. Unburdened by those rules, White House personnel doesn't have that excuse for hiring and keeping the unqualified or incompetent. But they do have a few other excuses.

As Bush's people argue, if a guy is good in the campaign, he should be good in government. And indeed, that's often true. Unfortunately, many political appointments go not to the star campaigner (who may have better offers), but to the star campaigner's brother/son/friend/girlfriend. And if that person turns out to be lousy in the position? Well, say cynics, that's an inevitable consequence of the declining appeal of the public service job. Nobody good wants to work in government, anyway—so why not make Cap Weinberger's kid happy?

One reason, of course, is that Weinberger's kid might turn out to be a disaster. A USIA public affairs liaison making $45,000, young Cap was eventually forced to resign after receiving a $4,800 merit pay raise without the knowledge of his supervisor, missing an appointment to meet a foreign dignitary at the airport, charging the government $200 a month in taxi bills, and telling the *The Atlanta Constitution* that he represented the CIA and the National Security Council at USIA.



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The real scandal is that the White House agreed to give Cap Jr. a government job at all, especially when applications for political jobs are soaring. Dan Fenn, JFK's personnel assistant, received 500 letters a month from people seeking high-level government jobs. Constance Horner, who held a similar position under Bush, received 600 a day. Still, the White House whines, those applicants include few people with real-world experience. "The impression out there is that these are high-risk jobs, ethically speaking," says one former administration official. "If you have a government appointment, for instance, you have to sell your stocks and sever all your business relationships for what might be a short-term career. The way Dean Acheson went back and forth between government and private sector would be prosecutable today. Not everyone wants to put themselves on the line here, and the middle-aged group is at risk."

That argument is a little disingenuous, especially in a recession. Even on purely economic grounds, political appointments are attractive. First, they offer good salaries—better than those of their civil servant counterparts, because the jobs don't have the advantage of career security. And second, there's often a heap of cash to be made on the private side of that revolving door.

"Some [appointees] view these posts as stopping grounds, their first job in public service, and a start at building their resumés," says Pat Ingraham, a political scientist at Syracuse University. Because of this, she notes, many political appointees take whatever post is offered them, regardless of their experience or interest in the agency's field. But some political appointees don't come in to rocket-fuel their careers; they come in to resuscitate them after a crash. Consider Ronald Roskens, director of AID, who arrived there in 1990 after being fired as president of the University of Nebraska.

If he couldn't run a university, why should he be entrusted with a $7.5 billion government agency? Probably because his sponsor was Dick Herman, a Republican National Committeeman from Nebraska whose South Bay Beer Distributors company in Los Angeles, one of the largest Anheuser Busch distributors in the country, has listed James Baker and Bob Strauss as shareholders.

Unfortunately, failure didn't exactly chasten Roskens. At AID, he promptly ushered in friends like Katherine Morgan, his new head of the foreign aid policy office, whose resumé included no work in government or international development, but stints as a nun, patent lawyer, and dean of college admissions. And then there was "consultant" Kermit Hansen, a regent at the University of Nebraska.

But the director has also had some help from the White House. To White House personnel staffer Tom Kranz, AID was a safe and profitable place to dump Sally Montgomery, a friend and former stewardess; there, she earns $90,000 a year as a deputy assistant administrator.

While there's not always direct correlation between bad appointees and bad governance, under Roskens' leadership AID seemed to specialize less in international development than in the development of personal wealth. Since Roskens' appointment, an impressive number of AID contractors and administrators have been sent to prison for rigging contracts, accepting bribes, and padding expense accounts. Roskens himself was forced to pay back more than $3,000 from an AID subcontractor for violation of ethical standards. And on three recent occasions, the federal government has required Roskens to reimburse private organizations, two of which are AID contractors, for honoraria or travel expenses he accepted illegally.

Baker and Bush now bypass AID on all significant foreign aid activities. Dick Armitage at the State Department is in charge of aid to the Soviet Union, while Lawrence Eagleburger runs assistance programs for Eastern Europe. Other agencies, from the Peace Corps to the Department of Agriculture, are picking up the rest of AID's slack. Unfortunately, taxpayers are still paying AID to keep out of the way.

## Spoils of lore

Federal trashologists know that one of the best places to look for political garbage is in an agency the president has promised to abolish. That's the ultimate depository for losers—unless, of course, the president doesn't follow through. Take the SBA, which Ronald Reagan twice sought to eliminate altogether, but not before loading it up with appointees —a tradition that his successor continues to honor.

The agency's last three administrators represent a category of must-hires distinct from campaign rainmakers and kids-of. They're all failed Republican candidates whose fall the Republican Party wanted to soften. Former SBA head James Abner began his stint in 1986 after losing a Senate race to Tom Daschle. In January 1989, he was succeeded by Susan Engleleiter, a friend of President Bush who lost a Senate run in Wisconsin. SBA's current head, Pat Saiki, a former congresswoman from Hawaii, was recently defeated in a Senate bid.

That SBA has held its landfill status so long raises the question of whether Reagan and Bush are right. Perhaps America doesn't need a separate agency to help small business; perhaps small businesses might



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receive more help through programs under other, more serious auspices. Unhappily, the only question White House personnel seems to be asking lately is, "Can you take a friend of. . . ?" To Engleleiter, who, like Saiki, had never run a small business, the answer was usually yes.

Engleleiter apparently didn't relish dealing with rank-and-file civil servants, so she created a new layer of "associate deputy administrators" to serve as a buffer zone between herself and her program managers. One of these appointees was Mitch Crusto, a former general counsel at the St. Louis investment house Stifel, Nicolaus, whose CEO is George Bush's cousin Bert Walker. Crusto was then given his own deputy—another political appointee, Mitch Stanley. With the administrator and deputy administrators above this level always political, and the associate administrators below often political appointees as well, today's SBA is hack heaven. "Sometimes, you have to go five levels down before you get to a real office," says a House staffer who works with the SBA.

So few real people can sometimes mean real trouble—as in the Wedtech scandal, which had several of SBA's political appointees at its nexus. The SBA administrator for the New York region, Peter Negria, who was convicted of taking bribes from Wedtech, boasted no work experience in small business, but did come from an old family of New York Republicans. (His father, the one-time head of the Republican Party in Brooklyn, asked a friend to ask Lyn Nofziger to set up young Peter.) After his involvement in the Wedtech affair, but before the scandal had come to light, the younger Negria had moved his way up the SBA ladder to a post in Washington as an assistant to Administrator Jim Sanders. Perhaps Sanders was sympathetic to the youngster. Insurance man Sanders, who preceded Abner at the agency's top post, had earned his own appointment by being an old friend of Michael Deaver's.

## Patron taint

Certain "prestige" departments—State, Defense, Justice, and Treasury—tend to have more success than SBA and GSA at keeping the dumpees away. But probe a bit and you're sure to hit a vein of lesser appointees: some farflung office like congressional relations, or most any department's "special assistant" posts, reserved for must-hires. Under Bush, perhaps the most famous of these is Justice's Office of Justice Programs (OJP).

As assistant attorney general in charge of OJP, Jimmy Gurulé, a Utah prosecutor and associate of Orrin Hatch, has consolidated all contract-making to his office, which is now responsible for $80 million in discretionary grants and 10 times that in block grants. OJP is responsible for awarding discretionary funds to local jurisdictions and nonprofit organizations for things like additional police training programs, prosecutors, and policemen. Throughout Gurulé's time at OJP, its grant guidelines and application forms for discretionary funding have been published so late that two weeks before the deadline, they weren't available. Most interested groups—at least those without personal OJP contacts—were unable to get their act together in time, and there wasn't a single applicant for many programs.

The problems besetting OJP aren't much different from those facing GSA, HUD, and other agencies whose main function is to dole out money. After all, where there is a trough, there is pork. And low-level political types are most likely to end up doing the feeding—a situation ripe for influence peddling à la HUD.

That's what seems to have happened to the federal government's landlord, GSA, when it implemented a massive program to standardize telecommunications services for all government agencies in the first year of Austin's reign. To spread its $25 billion in contracts around, GSA arranged to do 60 percent of its business with one phone company and 40 percent with another, the greater share of the deal going to the company with the lower bid, which happened to be AT&T.

The arrangement made some fiscal sense. But it was promptly overturned, largely because it fell into the hands of GSA's deputy administrator, Rebecca Johnson, a young Bush fundraiser. Johnson was handed her GSA post after working as a special assistant in White House personnel—a job she'd gotten through now-RNC Chairman Rich Bond. Bond's firm, Bond and Donatelli, was lobbying GSA on Sprint's behalf. By the time the deal was sealed, the larger share of the contract had been turned over to Sprint.

Of course, someone could have stopped that wasteful contract—someone like Tom Bucholz, an associate administrator at GSA and another political appointee. (A point man on the phone project, he is now paid more than $100,000 a year to oversee the agency's Information Resource Management System program and its staff of 1,600. His work at Pacific Power and Light, he wrote upon Senate confirmation to the GSA post, included the supervision of "zero" people.) Instead, appointee deferred to appointee, and the deal went through. Fortunately, Congress got wind of the decision at the last minute and forced GSA to reverse it—but not until the wrong system had been installed for the entire U.S. Navy; it had to be dismantled and done over.

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Still, influence peddling isn't the worst thing bad political appointees can do. The lasting harm from dumping comes when civil servants see how little interest the White House has in their agency's public service role. While bureaucrats may be naturally inclined to dislike the political appointees who strut in every few years and upend their working lives, they're also able to distinguish the committed and competent from the ticket-punchers. Load up an office with incompetent appointees, and discontent radiates from the GS-15s to the clerk-typists.

Gurulé's appointment to head the OJP in Thornburgh's Justice Department marked the conversion of that office from a career-run enterprise into a political one, although its chief responsibilities— monitoring statistics and grants—should have no political importance. The OJP, with only 325 employees, has seen its political appointments jump from six to thirty in the past four years, including the key positions of general counsel and director of legislative affairs. It is probably no coincidence that union members on the OJP staff, who filed no unfair labor practice charges with the Federal Labor Relations Authority between 1975 and 1988, have filed 14 such complaints since Gurulé took over in 1988.

## There He Goes Again

President Bush's campaign kleptomania continues. Two months ago, *The Washington Monthly* noted Bush's uncanny knack for proposing "new" ideas just weeks or months after they'd been put on the table by leading Democrats—namely potential presidential opponents ["Is the President a Plagiarist?" April]. As if to prove the point, Bush has continued the effort; so will we.

Last month, Bush unveiled his education plan, saying he'll put the issue at the top of his domestic agenda (again). At the heart of his new program is the promise of a $25,000 line of credit for any American seeking further education. The interest and repayment schedules are to be determined on the basis of income. It's a good idea, but it comes months after Bill Clinton proposed an almost identical plan—a government trust fund that would lend money to anyone wishing to attend college. Repayment here also would be on a sliding scale based on post-education income (or even better, through national service, a plank Bush didn't have the courage to pilfer). In fact, throughout his career as governor, Clinton has placed education reform at the top of his political agenda. He has continued to do so throughout the campaign, and unlike Bush, he has a record of success to match his good ideas. It's little wonder, then, why Bush feels pressure to minimize the Clinton advantage here—but a footnote crediting his source would be nice.

*—Debra Weissman*

## Happy Kempers

Clearly, a political appointee can set the tone for thousands of workers beneath him. And that's not always bad news. A charismatic agency captain can actually transform a dump into a plum. In 1988, Jack Kemp's convictions about tenant management and enterprise zones, among other things, attracted scores of qualified and devoted conservatives to HUD. That gives Kemp a measure of leverage. Silent Sam Pierce had to take on all the Debra Gore Deans the White House shoved his way, says a former Bush administration official. "The difference with Kemp is that he can say, 'Okay, I'll take these five [appointees] you're giving me, but I also want these two of my own.' "

A similar transformation is in the works at one of Reagan's favorite dumps, the Department of Education. In the eighties, some top posts were held by conservatives who didn't even *believe* in public schools—"homeschooling" by concerned Christian parents was preferred. But Lamar Alexander, something of a favorite of the "education president," has been able to woo former Xerox CEO David Kearns, respected academician Diane Ravitch, and other credible education experts to his office. "All the bright ones want to work in Education now," says a member of White House personnel.

The effect of the agency's new cachet isn't limited to the quality of the folks coming in. Career bureaucrats say department morale is higher than it's been in a decade. It remains to be seen whether this reinvigorated Education Department will actually do anything to solve the nation's grim education problems, but one thing's certain: Now, at least, it's got some brainpower to work with.

Kemp and Alexander's crews have a lesson to teach the winner of the 1992 campaign. While bad political appointments can destroy agency morale, foster scandal, and cost taxpayers millions, good appointments are potent weapons, capable of infusing new life into even the most jaded bureaucracy. For Clinton, Perot, and Bush, the implications of that lesson should be fairly clear. If you want government to run as well as you've promised, send a thank-you note to that great campaigner. Throw a party. Send flowers. Spend an hour hand-holding his friend or cousin or splendid son. But *don't* give away the job. In doing so, you may also be giving up the chance for government to do some good. □



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# Loot Court

## *How Harvard Law devours its young*

by Jonathan Rowe

In Dickens' *Great Expectations*, there is a law clerk named Wemmick. Wemmick is a mere functionary by day, brusque and legalistic. But when he crosses the drawbridge to his home at night he becomes a different man—his own man: an avid gardener who cares lovingly for his aged father.

Wemmick's bridge is a central theme in a course taught by psychiatrist and author Robert Coles at Harvard Law School. It represents what Coles sees as a deep split in the psyches of many of his students: the values they will embody as high-priced cogs at corporate law firms and the social causes they tell themselves they still support. In Washington terms, it is the gulf between Lloyd Cutler's water-carrying for corporations and his efforts on behalf of worthy causes.

Why, Coles asks his students, do you think you have to trudge off into divided lives? Aren't there other paths—like those followed by Atticus Finch, the lawyer in *To Kill a Mockingbird*, or in real life, Ralph Nader? Most in the class listen but don't hear, says Richard Kahlenberg, a 1989 Harvard Law graduate who recounts how he narrowly escaped the lemming-like march out of Harvard into the world of corporate law.* "I entered committed to public interest law," he recalls, "but after three years I came within one day of joining the vast majority of my classmates in practicing law at a large corporate firm, a career which I, along with most of them, would find lucrative, prestigious, challenging, and ultimately unsatisfying."

*Broken Contract* is the story of how Harvard Law School fosters lives divided by Wemmick's bridge. It starts with Kahlenberg's buoyant if wary idealism and concludes with a twist on the ending of *The Graduate*: Offer in

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**Broken Contract: A Memoir of Harvard Law School.* Richard Kahlenberg. *Hill and Wang, $22.*



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hand from Covington and Burling, Kahlenberg has until April 15th of his third year to come up with a job on Capitol Hill that will save him from a fate he both wants and doesn't. In between, it's a kind of Pilgrim's Regress, in which the son of an idealistic minister, whose heroes are Ralph Nader and Robert Kennedy and who spent a year in Africa before enrolling in law school, gets spiritually derailed by an institution that supposedly represents the zenith of the American legal tradition. Kahlenberg's public service aspirations have an elitist bent; he wants a prestigious position in Washington, only with the good guys. Even so, Harvard Law, and the culture of law generally, do much to evoke the worst in him and little to evoke the worthy.

Though debunking Harvard Law is not exactly new territory, Kahlenberg deals quickly with the tyrannies of the Socratic Method and addresses the larger social point. How does this place manage to take hundreds of the nation's brightest young people, most of whom enter with Leftish politics, and turn them into apologists for the very interests they intellectually oppose?

This issue has been lost in the recent commotions at Harvard Law, including the current one over a callous parody of a feminist article in the *Harvard Law Review*. These disputes have essentially been intramural: about who teaches at Harvard, what they teach, and whether people there are sensitive to one another. These are all important. But Kahlenberg probes the question that should matter to the rest of us: What do Harvard lawyers contribute to their society after they get out?

The point is not that private practice is always evil, but that so many who enter Harvard get turned away from their original goals. Seventy percent enter saying that they want to do public interest work; 95 percent leave to work in law firms, banks, and the like. This is quite a feat, especially at a time when, to hear conservatives tell it, academia is teeming with Marxists bent on tearing the system down. Harvard Law has its share of Marxoids, known there as proponents of Critical Legal Studies. But Kahlenberg shows—and this is probably his most important insight—how the Crits help create the corporate hired guns they deplore. Deconstructing the law, they deconstruct their students' idealism as well.

## Fare Harvard

Much of this story has less to do with Harvard Law School than with the nature of the law itself. I went to the University of Pennsylvania Law School, and it was nothing like the Harvard that Kahlenberg and others have described. It's about half the size, with about a third the pretense. The teaching was very, very good, and I never once felt intimidated or bullied. I was a mediocre student, yet one of my professors—a New Deal trustbuster, Louis B. Schwartz—took a personal interest in me and got me started in public interest work. To some extent, those who strive for the ultimate credential of a Harvard degree get what they deserve, and Kahlenberg isn't oblivious to this point. He's aware that the dread he feels at being called on in class and the overwhelming tension that grips him when the first-semester grades come out stem from the beast in him as well as the one in the school.

Yet even at the benign (at least for me) Penn, it was a lot easier to be drawn away from one's social convictions than to have them encouraged and reinforced. In ways hard to convey, the study of the law tends to diffuse the native sense of right and wrong. "Thinking like a lawyer" means thinking about the 49 things that don't much matter rather than the one that does. In my third year, I signed up for a course in corporate tax, not to become a tax lawyer, but because I thought tax would be a way to understand the workings of the corporate machine. In this spirit of espionage, I took my seat the first day. The professor was Bernard Wolfman, whom I vaguely knew to be involved in liberal causes. Yet we immediately plunged into the murky waters of corporate reorganizations, buy-outs, and the like, and never came up for air. I had no idea what the companies we studied produced or how the takeovers would affect localities and customers. I felt like a trainee in the engine room of a submarine, learning to attend to one gear while the sub plowed on to points and for purposes unknown. Even to raise questions about the social impact of these tax maneuvers would be unmanly. We were discussing important business here.

And you know, it was kind of fun. Once the sheer complexity and weight of it numbs the sense of purpose and you buy into the premise, it becomes a challenging puzzle. There is excitement, an aesthetic kick almost, in devising a clever strategy to minimize what we called "tax exposure." Competition sets in to do it better than the next guy. And best of all, you realize that, in most cases, there are no widows and downtrodden, no clear-cut moral melodramas, only contending groups of shareholders, at whose plight you can become surprisingly indignant. If you aren't doing anything especially noble and right, neither are you doing anything obviously wrong.

The thought did cross my mind that one could make a comfortable living practicing this kind of law and at the same time devote oneself to worthy causes "on the side" (a hypothetical realm of life that becomes ever larger in the imagination as one tries to ra-



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tionalize the decision to shunt one's better instincts aside). I have to admit too that when the law firms came recruiting during the winter of third year, I put my name on some of the lists. It's hard to explain why—a combination of insecurity, the wearing-down process, and a fear of being left out. Most law jobs entail representing those with the money to pay. In my own case, I was fortunate to have influences pulling in the other direction, but I can empathize with what Kahlenberg was going through. And I had to feel for him when he was grubbing around to raise a little money so he could spend a summer doing public interest work (which to him meant the prestigious U.S. Attorney's office for the Southern District of New York) while classmates were getting offers for the same amount weekly at private firms.

There are other forces at work as well in luring young lawyers to the overrepresented—enormous student debts that turn graduates into a conscripted army for the wealthy, for example. Students graduate from Penn today with an average debt of almost $36,000. (Harvard has an enlightened program of debt forgiveness for those who choose public service work, but undergraduate debts still loom large.) There are the Bacchanalian overtures of law firms, who, according to the placement office, spend more money courting Harvard Law students than the school spends to educate them. After his second year, Kahlenberg makes $1,050 a week at Ropes and Grey, the august Boston firm, to do little more than write memos on tedious aspects of estate law and enjoy fancy lunches and outings. Anyone who still believes in the wondrous efficiency of the private sector should read Kahlenberg's account of a summer spent in legal representation of it.

On top of all this, however, Harvard Law seems to create a peculiar and pernicious undertow of its own. Take 500 or so hyperachievers who think that just getting in puts them several notches above the crowd. Thrust them into a game in which points are awarded mainly for grades, law review spots, and job offers afterwards. And then give them faculty role models who by and large represent the view that the law is an elite calling regardless of whom it represents. At the end, provide a red carpet to jobs that start at $70,000 or more.

**Maybe the innocence of the fifties did us early Baby Boomers a favor, by giving us a naive faith in America that enabled us to feel personally violated—and therefore moved to action—when we discovered things were otherwise. For these kids there seemed to be no such discovery, and hence much less sense of violation.**

Kahlenberg's narrative voice engages trust. Aware of his susceptibility to blandishment and lucre, as well as his insecurity about straying from the pack, he wisely avoids the moralistic high horse, and his assessments of others are measured and thus convincing. He had the foresight to take detailed notes of his job interviews and the like, and this gives his account a novelistic sense of character and scene. He captures ably, for example, the awkwardness of law firm interviews at which he really has nothing to say, and where the main reason for being there—the money—is the one thing that can't be discussed.

Nor does Kahlenberg make excuses: for dropping out of Legal Aid after he marries, for grubbing with the rest for a cherished spot on the law review, or for pursuing clerkships and law firms like a third-generation Sammy Glick. He was all too willing to be seduced, he says. But his honesty gives him standing to deplore the hypocrisy among the student body. The same Lefties who wax indignant when a professor wonders aloud whether it's always fair to exclude a victim's sexual history in rape cases will turn around and refuse to share lecture notes, for fear of helping a rival get ahead. Then they'll cut their hair to impress the recruiters at the corporate firms. (The thing to bear in mind about the ruckus over the law review parody is that three years from now most of the students involved will probably be working to advance the interests of the wealthiest 10 percent of Americans.)

At one point, Kahlenberg walks into a meeting of the Law School Democratic Club in search of a constructive alternative to the Crits. There he hears a black student he calls Jackson Shelby proclaim that "For black people, the difference between the Democratic Party and the Republican Party is the difference between indentured servitude and slavery." "I shook my head," Kahlenberg recalls. "Jackson would be taking his Princeton coffee mug in the summer to Kirkpatrick and Lockhart, a Pittsburgh law firm, which had no black partners and only one black associate among its 118 lawyers. Was this radical rhetoric a way of atoning for his embrace of the establishment?" (My Penn classmate who led the law school protest against Nixon's bombing of Cambodia had

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spent the previous summer researching franchise law for a law firm, and in a month or so after graduation was similarly employed.)

The faculty, meanwhile, is generally too distant to care. One of the enticements of *Broken Contract* is the chance to see some of the nation's legal big shots up close. A little to my disappointment, Alan Dershowitz, the legal Zelig found frequently at the side of big-bucks misdoers like Mike Tyson and Leona Helmsley, comes off as basically a good guy, who encourages moral qualms among his students. "Look to your left and look to your right," he tells first-year students. "Because by the time you graduate, there will be no Left left." (I wonder, though, if Dershowitz's own lucrative cases subtly rewrite this message: Have qualms, but represent the rich anyway.) Lawrence Tribe, the noted constitutional lawyer, has a boyish enthusiasm and even forgets when the class is supposed to end. Anthony Lewis, *The New York Times* columnist, is an engaging raconteur but has little time for his students. His only comment on a paper Kahlenberg has poured himself into —delivered over the telephone because Lewis is so busy—is "fine." (Then, too, maybe that's the price of seeking to be anointed by people like Lewis, as opposed to getting a more personal if less prestigious education elsewhere.)

But with the exception of Robert Coles, who isn't a lawyer, and Alan Morrison, Nader's top litigator, who taught a course at Harvard (and who was making $40,000 a year when he probably could have been making 10 times that in private practice), few of these people really push the moral question. For the most part, the school functions as an enabler, providing students with the self-justifications and spiritual numbness they will need when moving on to Blow, Blow & Blow. During his first year, Kahlenberg attends a meeting with the school's public interest adviser (a position since eliminated), who cites estimates from Cutler: 95 percent of the nation's legal time is spent serving the wealthiest 10 percent, 5 percent on the poor through legal services, and virtually nothing on the 160 million Americans in the middle.

"I almost raised my hand to ask why Lloyd Cutler's Washington law firm spends thousands of dollars every year recruiting law students to represent the wealthiest clients if Cutler was really so disturbed," Kahlenberg writes. "But I thought it might be impolite."

## Crits and bloods

The Crits are not much better than the rest. They begin with a valid theoretical point: The law is not neutral and objective, but rather reflects the economic interests and power relations that give rise to it. (So what's new?) But where a Nader goes out into the world and tries to right the balance, the Crits write arcane pieces for law reviews, all the while enjoying the handsome salaries and prestige of an institution with which they profess fundamental disagreement. The effect on students is a nihilism that encourages them to just shrug their shoulders and think, "What the hell?"

Kahlenberg's account gibes with my own experience teaching magazine writing at New York University. Contrary to what I expected, my students were acutely tuned into problems of poverty, the environment, and so forth. If anything, they were more informed and sophisticated than I was at their age. But many were also jaded, as though by a surfeit of bad news. I began to wonder if the innocence of the fifties hadn't done us early Baby Boomers a favor, by giving us a naive faith in America that enabled us to feel personally violated—and therefore moved to action—when we discovered things were otherwise. For these kids there seemed to be no such discovery, and hence much less sense of violation.

Kahlenberg is at his best when he confronts dilemmas that many on the Left can't muster the honesty to acknowledge. He confesses to twinges of resentment at affirmative action, for example, when he realizes that the minority students standing in line with him to pick up packets for a law review competition are starting with an automatic leg up. In America, cops and other blue-collar workers are much more likely to taste the bitter side of affirmative action than liberal lawyers are, and Kahlenberg grasps the political implication. (The thing he admired most about Robert Kennedy was his ability to speak to blue-collar concerns with a progressive populism that was very different from the elitist liberalism he finds at Harvard.)

The liberals here often come off poorly. There's a portrait of Charles Nesson, the lawyer who defended Daniel Ellsberg in the Pentagon Papers case, collapsing into a puddle of self-accusation and guilt when students accuse him of being sexist. (He's the one who admitted his quandary over evidence in rape cases.) He takes to wearing a leather jacket to class and, by way of penance, using the pronoun "she" instead of "he."

The Crits were up in arms during Kahlenberg's years over the denial of tenure to one of their number, a teacher by the name of Claire Dalton. The Dalton case became a cause célèbre; students wore arm bands at graduation. Kahlenberg thinks the Crits had a point: Conservatives on the faculty *were* trying to do the Crits in. But he studied contracts under Dalton and has to acknowledge something unmen-


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tionable on the Left: "She was the worst teacher I had ever had."

## The paper waste

Kahlenberg may have permitted himself to be seduced a bit by the law firms in order to have a story to tell. But when he's seeking judicial clerkships and jobs on Capitol Hill, his adrenaline is clearly flowing. This is where my patience begins to wear thin; he seems a decent guy, but he pursues the public interest with a calculating careerism that is off-putting in the extreme. He goes through endless ruminations and consultations regarding whether to go to a law firm first, the better to slide over into a high Hill staff position. Meanwhile, lawyers at Washington firms have been advising him on the "resumé builders" among public interest firms. (These include the Children's Defense Fund and Public Citizen.) A few people try to set him straight. Richard Moe, Walter Mondale's former chief of staff, who is holed up at the Washington office of Davis, Polk to put his kids through college, tells him that if he's drawn to public service, then he should *do* it.

Still, he keeps weighing the careerist pros and cons, dallying with the big-foot law firms and comparing Hill committee staffs as though he's trying to decide between securities law and M&A. He doesn't seem to grasp that he's missing the point. I wanted to take him by the lapels and scream, "Dammit, just do something you think is important, and let the career part take care of itself!" This is the ultimate irony of Harvard Law: It narrows horizons. Being the ultimate credential, it makes graduates feel compelled to step into ready-made niches where the credential will be valued. Having been educated at the top, they seem to feel that anything below it is a step backwards.

Yes, Kahlenberg has a child by this time. Still, it never seems to occur to him that there are lots of alternatives to Congress, big law firms, and prestige public interest groups. If one really wants to "effect policy," small venues like D.C.'s City Council, for example, can be a lot more promising—if less prestigious—than Capitol Hill. That, at least, was my experience. Then, too, there is a whole array of groups and causes that fill Washington's remaining low-rent office space. People who make a difference on important issues—who are committed to helping rather than careers—tend to rise, wherever they start. Yet in Kahlenberg's frame of reference, eschewing Covington and Burling for a Senate committee (granted, at about half the pay) seems just short of going to India to meditate in a hut. Anything outside the K Street-Capitol Hill axis isn't even on the map.

By the end of Kahlenberg's memoir, I had an emotion I never expected regarding Harvard Law School: pity for many who have gone there, and genuine gratitude that it once turned me down. □

# Hangin' with the Houseboyz

*Think the guys you elected are dangerous? Meet the arrogant young staffers running the show . . .*

by Christopher Buckley

Pity the book* that comes out in May 1992 with the subtitle *Blowing the Lid Off Congress*. Does any Congress with a national approval rating of 17 percent and up to its neck in a check-kiting scandal *have* a lid left over its head? Squalid and appalling as Jackley's revelations are, this deft account of the grosser realities in democracy's sausage works, based on the author's 12 years as a congressional staffer, or "Hill rat" as they call themselves, may no longer have the ability to dismay. The collective voice being raised these days is that of *Casablanca*'s Captain Renaud, shocked—*shocked!*—to learn that congressmen are perkmongers and slobs when it comes to balancing their own checkbooks, never mind that they've overdrawn the nation's by $4 trillion in the last 12 years. The more's the pity, because this is an important book deserving a wide audience.

Touted as the *Liar's Poker* of Capitol Hill, Jackley's account does live up to the publisher's flackery. It entertains as it damns. The author grew up as a Special Forces brat, which equipped him, at least at first, with the temperament and moxie to take his hill.

*Christopher Buckley lives and writes in Washington and edits* Forbes FYI, *the quarterly supplement to* Forbes.

**Hill Rat: Blowing the Lid Off Congress.* John L. Jackley. *Regnery Gateway, $21.95.*



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His eventual A-Funny-Thing-Happened-On-The-Way-To-Damascus moment came when his second child nearly died in infancy. The experience concentrated his mind. Suddenly his mighty press secretarial labors on behalf of his boss, Texas Democratic Congressman Ronald Coleman, a man with the ethics and moral courage of a hookworm—and apologies to hookworms everywhere—fell into the proper perspective. And thus he came to burn his bridges with a vengeance.

Like the mini-masters of the universe portrayed by Michael Lewis in his staff-level exposé of Salomon Brothers, the Hill rats Jackley chronicles learn self-importance at a very callow age, usually right out of college. At one point, Jackley explains to a fellow Appropriations Committee rat that the title of Lewis' book derived from Salomon bigwig John Gutfreund's dare to a colleague to play a single hand of the game for a million dollars. The staffer snorts, "A mil? One lousy mil? I can do *ten* mil with report language and not even have to ask the chairman." Jackley notes, "That may or may not have been true, but his disdain was palpable." He quotes another rodent: "Lord Acton was only half right. Power might corrupt, but absolute power is a blast."

**A quote from our own classical past is inverted to become the Hill rat's credo: "Ask not what your member can do for the issue, but rather, what the issue can do for your member."**

Up on the Hill, quotations from classical antiquity are just palimpsests for graffiti. Parliamentarian Edmund Burke's lofty admonition to the electorate in 1774, "Your representative owes you, not his industry only, but his judgment; and he betrays instead of serving you if he sacrifices it to your opinion," is hootingly dismissed by a Democratic committee chairman: "Burke got his ass sent packing home." A quote from our own classical past is inverted to become the Hill rat's credo: "Ask not what your member can do for the issue, but rather, what the issue can do for your member."

There, in a way, you have it all, the sum teleology of Capitol Hill: self-preservation. (I know, I know, you're shocked—*shocked*—to hear it.) But mammon is in the details, and the details are delicious. Jackley makes us witnesses to wonderful sights: Coleman conniving to get press mileage out of a devastating Mexico City earthquake; cowering under his blankets at home—literally—during the invasion of Panama so he won't have to make a statement by voting; scheming to vote against a good bill that he actually favors, once he's assured that it is going down to defeat. My personal favorite—and who knows, perhaps it will also appeal to the Internal Revenue Service— is when he angrily demands an interest-free loan to cover his overdraft at—you guessed it—the House bank, and then doesn't report the free interest to the IRS. A scoundrel, you say? Not to the voters of Texas's 16th district, who have reelected him time after time—the last two, unopposed. *Profiles in Courage* this ain't.

How could Coleman get away with all this? Brace yourself for another shocker: largely by ingratiating himself with the now deposed and disgraced speaker of the House, Jim Wright. This got him a seat on the all-powerful Appropriations Committee, from which all pork flows. Representative Coleman is nothing if not representative. He does exactly what his constituents want him to—namely, steal from the voters of other districts. Rep. Jamie Whitten of Mississippi, since 1977 the chairman of the Appropriations Committee, stated this iron law of politics in an admirably candid moment when he said, "All anyone ever wants is a special advantage over the next fellow. Understand that, and you've understood the intent of every law ever passed."

All the gentleman from El Paso asks in return from his constituents—aside from interest-free loans and free plants from the Botanical Gardens—is permanence. Something about being a congressman must have changed for the better in 200 years—perhaps the food. In 1790, only about half of House members ran for reelection. In 1988, 94 percent did. And they did well. Ninety-eight percent of them got reelected. In 1990, the reelection figure plunged to 96 percent. Amidst the current hullabaloo over kited checks and legislative gridlock, that percentage may change in 1992, but after reading this book, I wouldn't bet the farm on it. "Let's face it," gloats one Republican member, "you have to be a bozo to lose this job."

One reason, of course, is money. Jackley refers to the "holy trinity of PACs, honoraria, and campaign contributions," though it escapes me what's so holy about them. He cites Common Cause's figure that in 1988, PACs gave $82 million to incumbents and a mere $9 million to challengers. PACs follow a congressman's "numbers"—that is, his approval ratings



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back home—the way advertisers follow a TV show's ratings.

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Even the phraseology is out of *Liar's Poker*. Remember too that the "definition of honesty in politics is staying bought once you're bought." Some modern-day Dick Tuck ought to come along and plant a giant HOUSE FOR SALE sign in front of the dome.

## All-pork franks

Then there's good old "Uncle Frank," the rich relative who never says no to free stamps. The abuses of Congress' franked-mail privileges are old news by now, but Jackley provides some fresh gum to chew on. In 1984, preparing for the reelection, "[W]e had 680,000 computer-targeted letters, postcards, and newsletters in the works." Bear in mind that according to the 1990 census, El Paso County still had a population of only 592,000. "Postage alone for these taxpayer-funded mailings was more than $100,000—nearly half of the $212,892 our Republican opponent would spend for his entire campaign."

Peanuts! In 1989, Jackley and Coleman's chief of staff, Paul Rogers, a petty, humorless despot who regarded himself as far smarter than his boss and therefore the real congressman—a totally common phenom, apparently—put together a plan to mail out two million pieces of Coleman self-aggrandizement. Nineteen eighty-nine was not even an election year, but by then "we had already sent over one million pieces of mail during the year at a cost of over $200,000 to the taxpayer." Setting aside its dubious merits, you've gotta love the symbolism of the fact that "[T]he only franked mailing ever officially turned down by a formal vote of the entire House of Representatives was the one to mail a copy of the U.S. Constitution to every household in America."

The media, which have been playing the perk scandals for all they're worth after largely ignoring the bigger questions, emerge here as a kind of enabler to all these fiscal drunks. They have a co-dependent relationship going, for if there's one thing dearer to a congressman's heart than his numbers, it's his press coverage.

> Most congressmen are press hogs. It is the nature of their egos as well as of their business. They live and die by their coverage; the quickest way to perish, as they say on the Hill, is to walk between the voracious Rep. Ron Wyden and a television camera.

Jackley relates a remarkable incident from 1983, when he got a call from a local television producer in El Paso who told him that a friend who works as an Army trauma specialist at Fort Bliss—one of the prime beneficiaries of Coleman's pork-dispensing—had just come back from a supersecret mission in El Salvador, where he was summoned to treat "*American* dead and wounded—none of them," the producer relates, "in regular uniforms. He says CIA and maybe some military. What happened was that the FMLN had ambushed the government's elite Atlacatl Battalion and wasted a bunch of our guys along with the Salvadorans."

The United States, you'll recall, was not technically supposed to be fighting in El Salvador, just advising. Jackley took this lurid bit of information to Rogers, the control-freak chief of staff. Rogers reported back to Jackley that Coleman's reaction to the possibility that U.S. personnel were engaged in combat abroad in violation of the law was: "We're not in the story, are we?" Rogers then told Jackley to drop it. Rogers would take it from there. So what did Coleman and his Man Friday do? They directed a routine query to the U.S. Army, which told them, *Oh no sir, nothing like that around here.*

Jackley was left to assume that his producer-friend's source was a wacko, until a few days later, when he was reading over the CIA's Foreign Broadcast Information Service (FBIS) report, monitoring media reports from around the world.

> I turned to the El Salvador section and froze. FBIS reported intercepting and transcribing a transmission from Radio Venceremos, the voice of the FMLN insurgency, that reported a victory in an ambush of the Atlacatl Battalion. The trauma specialist's account of the engagement had been verified.

Did Jackley call his producer friend in El Paso to tell him? Not! Did the producer follow up on his own? Not! But hadn't he done his civic duty by reporting this amazing, red-hot tip to his congressman's press flunkey? Did Jackley take the FBIS report to his superiors? No! What *did* he do? "I sighed. Oh well. I had already learned to keep score, but I couldn't tell if this one was a run, a hit, or an error.



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Later in the year and on steadier political ground, Coleman did blister Reagan on Central America." His Damascus moment was still years off. And absolute power was still too much of a blast to mess with.

## Profiles in scourge

Solutions, anyone? Let's get Congress to outlaw PAC money. Right. Next, we'll get them to stop leaning on that magic Pitney Bowes machine. Easy enough. As for the perks—the Codels (congressional delegations—read "PX shopping sprees"), free airport parking, private ambulances—so *what*? Which is doing the nation more harm? A $4 trillion deficit, or Ron Coleman's parking space at National Airport?

To Jackley, the only way to sweep these Augean stables is with a grass-roots broom. But he doesn't say how that's going to be possible, exactly. And that's the whopping conundrum at the heart of the congressional beast: As P.J. O'Rourke has pointed out in his own Pogo shtick on Washington, *Parliament of Whores*, the problem is that, in a democracy, the whores are us. If Congress has become a house of ill repute, it didn't get that way by accident; as Marlene Dietrich once put it, "It took more than one man to change my name to Shanghai Lily." □

# Mild About Harry

## *How Truman ushered in the end of liberal idealism*

by Charles Peters

David McCullough's highly readable new biography* pays proper respect to Harry Truman's greatest achievements, beginning with the Truman Committee, where, as a senator, he proved it possible for Congress to effectively monitor government programs, and continuing through the high points of his presidency: the Marshall Plan, Point Four, the Berlin airlift, desegregation of the armed forces, recognition of Israel, resistance to aggression in South Korea, and the firing of MacArthur. Of these, the two that have been most underappreciated are the Truman Committee and the Berlin airlift.

The Truman Committee demonstrated through its constructive criticism of wartime defense spending that Congress can oversee other branches of government. Today, sadly, that kind of oversight is almost a lost art. Truman's wise decision to supply Soviet-blockaded Berlin through the air, instead of confronting strong Soviet ground forces, ranks along with Kennedy's handling of the Cuban Missile Crisis as a landmark example of how to be resolute without going to war.

McCullough also acknowledges Truman's negatives, but he does so—and this is his book's main defect—with little explanation of their significance, either at the time or in the broader context of history.

While Truman was a lovable man who will forever stand out among our presidents for his humanity and courage, he made many mistakes, some of them whoppers. By excluding South Korea from a defense perimeter he announced in 1949, his secretary of state, Dean Acheson, may have signaled the North Koreans that they could invade South Korea. Truman's administration also misjudged China's threats that it would enter the Korean War if the United States crossed the 38th parallel and approached the Yalu River.

On the domestic scene, Truman, although not by any means a Joe McCarthy, instituted unduly restrictive classification and loyalty programs in the federal government. He also nominated two justices to the Supreme Court, Fred Vinson and Tom Clark, who became part of the majority that upheld in the *Dennis* case the imprisonment of American Communist Party leaders simply for teaching and advocating Marxist doctrine—a decision that, for me, marks the low point in the history of the First Amendment. These actions were crucial in creating the climate of conformity that dominated the fifties, and they did permanent damage to the civil and foreign services by greatly heightening the customary caution of the bureaucrat.

*Charles Peters is editor-in-chief of* The Washington Monthly.

**Truman: A Biography*. David McCullough. *Simon and Schuster, $30.*



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Truman's administration was also characterized by cronyism (Harry Vaughan and Donald Dawson were unhappy examples), by terrible judgment in the appointment of such cabinet members as Louis Johnson as secretary of defense and J. Howard McGrath as attorney general, and by a too-easy tolerance of corruption that probably was the result of Truman's adjustment to his role in the Pendergast machine in Kansas City early in his political life. (He managed to survive as personally incorruptible by winking at the shenanigans of others.) He was also guilty of a shoot-from-the-lip carelessness, as when he declared during the Korean War that he thought the use of the atomic bomb could be left to the discretion of the military commanders in the field.

But my most severe indictment of Truman is that he inflicted the first wound in the slow death of liberal idealism in America that began in 1945. For the first 45 years of this century, idealism was a vibrant force, and for 28 of those 45 years, we had inspiring leaders—Theodore Roosevelt, Woodrow Wilson, and FDR. In the 45 years since, we've had only the period between 1961 and 1965, when the New Frontier and the Great Society briefly revived a spirit of generosity and hope before that spirit was crushed by Vietnam and Watergate.

## Harry monster

The truth is that Truman was generally not a crusader for liberal causes. With respect to civil rights, for example, he sought a plank for his platform that was "mild and ambiguous enough to mollify" segregationists. In private, he called blacks "niggers" and referred to civil rights advocate Hubert Humphrey as "a crackpot." Liberals, as a result, deserted him and tried in the spring of 1948 to persuade Dwight Eisenhower to run as a Democrat that year. When that effort failed, many then supported the third-party candidacy of Henry Wallace.

It was only during the final month of the 1948 campaign that Truman's message was passionately liberal and he really captured the hearts of the noncommunist left. Ordinarily critical columnists, like *The New Republic*'s TRB and *The New Yorker*'s Richard Rovere, said kind things about him. And I can still remember how excited I, who had been prepared to vote for Wallace earlier in the campaign, became during October and how intensely I was rooting for Truman to win on election night when the pundits were predicting a Dewey victory.

The most telling test of Truman's liberalism was what he did with his triumph. As 1949 began, he was no longer handcuffed by a Republican Congress. He had Democratic majorities in both houses. So did he seize the moment and move with bold resolution to get liberal programs enacted?

The answer provided by McCullough, who is unaware of the negative implication of what he is saying: "The first six months of the new term were a breather for Truman."

Instead of twisting arms on Capitol Hill, in March he flew off to Key West for another "working vacation," which was truly Reaganesque since he had al-

**The most telling test of Truman's liberalism was what he did with his triumph in the 1948 campaign. As 1949 began, he was no longer handcuffed by a Republican Congress. He had Democratic majorities in both houses. So did he seize the moment and move with bold resolution to get liberal programs enacted?**

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ready rested in the Keys just after the fall election —and doesn't seem to have returned to the White House until May. Here's McCollough's again uncritical description of how the days were spent:

> He basked in the sun with members of his staff, listened to music on the phonograph, took an afternoon nap, played poker on the porch every night, and started off each day with a shot of bourbon before his walk. The staff all enjoyed themselves, as did the 30-odd reporters who usually made the trips and had little to do but enjoy themselves.

It could be argued that, because there were quite a few Dixiecrats in Truman's congressional majority, he would have had difficulty getting a legislative program passed. But he should have tried. Not trying proved that his campaign rhetoric had been cynical, a liberalism adopted not out of conviction but out of the desire to be reelected. Indeed, liberalism had been proposed as a 1948 campaign strategy by the famous Clifford memorandum (now revealed to have originally been drafted by Jim Rowe). It recommended special appeals to groups such as farmers, labor unions, blacks, Catholics, Italians, and Jews. It may have been the intellectual godfather of the interest-group liberalism that was to be the curse of the Democratic Party for the next several decades.

Truman's cynicism was not the only factor in his failure to inspire. He often seemed embarrassing. This was part his fault, part the people's.

Truman considered himself "a plain man," which was the way most Americans thought of themselves in 1945. But developments were underway that would cause many of them to identify with the upper classes and to begin to see their president as the father whose social lapses are excruciating to his adolescent children, who aspire to higher society.

One of the truly transforming changes in American history began the year Truman became president. In the fall of 1945, veterans swarmed to the nation's universities to take advantage of the GI Bill. Millions who would otherwise have been unable to afford to do so acquired college degrees. This radically elevated the educational level of the American people and it provided a passport into the middle of the middle class for many who otherwise would have been doomed to the lower rungs. Yet mass access to college also subtly devalued the bachelor's degree, and cultural taste began to replace that degree as a way of proving class. In the late forties, the popularity of *The New Yorker*, which taught lessons in taste, soared, as did the appeal of similarly enriching trips through Europe.

My favorite example of this change is the contrast between the popularity of two Broadway productions. In the 1945–46 theater season, a splendid revival of *Pygmalion* survived only a few months, despite great performances by Gertrude Lawrence as Eliza and Melville Cooper as Doolittle, while a decade later *My Fair Lady* reigned as the smash hit of the era. The music of Lerner and Loewe was certainly part of the explanation. But another factor that contributed to the popularity of *My Fair Lady* was that its underlying message—that style could be acquired—was enthusiastically embraced by a public that was now eager to hear it.

Harry Truman indisputably lacked style. In fact, he seemed to scorn it. Perhaps the most infamous illustration of this indifference was his letter to *The Washington Post*'s music critic, Paul Hume, after Hume wrote an unflattering review of a recital at Constitution Hall by Truman's daughter, Margaret, who was then attempting a career on the concert stage:

> Mr. Hume: I've just read your lousy review of Margaret's concert. I've come to the conclusion that you are an 'eight ulcer man on four ulcer pay.'


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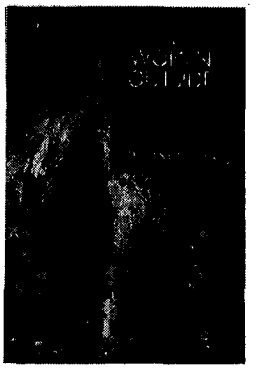

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It seems to me you are a frustrated old man [Hume was 34] who wishes he could have been successful. When you write such poppycock as was in the back section of the paper you work for, it shows conclusively that you're off the beam and at least four of your ulcers are at work.

Some day I hope to meet you. When that happens you'll need a new nose, a lot of beefsteak for black eyes, and perhaps a supporter below!

[Westbrook] Pegler, a gutter snipe, is a gentleman beside you. I hope you'll accept that statement as a worse insult than a reflection on your ancestry.

The spirit poured into this letter represents precisely what made Truman lovable, and considered in that light, some of the language is forgivable. But, taken as a whole, the letter is so sadly distant from the language of a Churchill or a DeGaulle or a Roosevelt that one can understand how it troubled even those indifferent to social status.

## Plain truth

If there is a lesson to be learned from the leadership of Harry Truman, it is that there is nothing wrong with having a plain man as president. Indeed, after watching the taste-makes-class game reach its ultimate absurdity in the vanities of the eighties, even the snobs have to admit that there is much that is attractive about the prospect of a plain-man president. But we also need for him to be someone who refuses to appeal to our selfishness, who instead summons the best that is within us with words that touch our souls. However admirable Harry Truman was in many ways, this is a test that he failed. It is a test Abraham Lincoln passed. □

# Bull Pulpit

## *How the prosperous eighties came to be —and how we can get back there*

by Susan Dentzer

Let me make one thing clear at the outset: I believe in low marginal tax rates. In fact, they are one reason I'm willing to write this review for a not-so-princely sum of money. There was a time, just over a decade ago, when various tax authorities would have collected the lion's share of the proceeds—provided, of course, that I had bothered to write the piece at all. Today, thanks to the tax-rate cuts of the eighties, I will part with only a lion cub's share of the fruits of my labor. And for me, the government, and the economy, therein lies a world of difference.

It was with that bias that I turned to this retrospective look* at the U.S. economic boom that took place from 1983 to 1990. I assumed, as would any regular reader of *The Wall Street Journal*'s editorial page, which Robert Bartley commands, that this book would be a stirring apologia for America's brief walk on the supply side. Bartley doesn't disappoint: His thesis is that the mix of tax cuts and tight money the supply-siders advocated almost singlehandedly produced the Seven Fat Years of his title. Moreover, at least Seven Lean Years will probably follow, because America has strayed from the one true path.

My advice, updating Abbie Hoffman to the eighties Bartley so loves: Buy this book—and then deduct the purchase price, if you can. Not because this is the definitive account of what triggered and sustained America's longest peacetime expansion; that will be the work of a far more disinterested observer. And not because Bartley's analysis of almost any subject he tackles, whether the federal budget deficit or the S&L scandal, is flawless. Rather, the reason to read this book is that it contains vital seeds of economic truth that must be digested by anyone genuinely interested in improving the well-being of Americans. Among them: Taxes and tax rates aren't everything in a market economy, but they still matter. Capital formation isn't everything, either, but it matters a lot. Economic statistics may be accurate, and still be mis-

*Susan Dentzer is an economics correspondent for* U.S. News and World Report.

**The Seven Fat Years and How To Do It Again.* Robert L. Bartley. *Free Press, $22.95.*



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leading and meaningless. And federal spending is truly out of control—a "coast-to-coast soup line," as David Stockman put it in 1980, before he became Reagan's budget director.

Above all, Bartley's book conveys a message that seems especially noxious to most liberals, but shouldn't be. It is indeed possible to conceive of a period of economic growth that could benefit a broader cross section of American society than the eighties did. But as *The Seven Fat Years* suggests, no one has yet figured out a way to really help the poor and the middle class over the long run without markedly benefiting the holders of capital—a.k.a. the rich.

Granted, a determined reader has to wade through plenty of pages of Bartley's own palaver to find these truths. The book uses the tired old device of the man from Mars who lands on earth in the mid-nineties and wonders why so many Americans are predicting the apocalypse when things seem to be going so well. And the many self-serving excerpts from Bartley's own editorials are a bit excessive even for a journalist. There is even some supply-side Bible analysis in Bartley's book: He suggests that the "seven fat years" originally described in Genesis ended because Joseph, who had prophesied them, shook down all of Egypt for most of its money and goods. In other words, blame it on "Joseph's confiscatory tax policy." What a knee-slapper. This sort of thing must have passed for humor among the founding fathers of the supply-side movement as they knocked back their cocktails.

## Supply sliders

The core of Bartley's book is nonetheless a compelling account of what buzzed in the brains of this crowd as their thinking evolved in the late seventies and early eighties. Much of it did, in fact, take place over cocktails; indeed, Bartley and the rest of the supply-side gang, including economists Robert Mundell and Arthur Laffer, formed a kind of pro-market, gin-swilling Bloomsbury Group, debating economic theory at Michael 1, a pseudo-swish lower Manhattan restaurant that I recall as being heavy on the Naugahyde. Actually, Bartley eschews the phrase "supply side," coined in derision by mainstream economist and Republican eminence grise Herbert Stein. He prefers "new classical economics," apparently to play down the aura of faddishness and more firmly establish the movement's links with pre-Keynesian classical economists like Jean-Baptiste Say.

Indeed, the popular interpretation of Say's famous law—that supply creates its own demand—provided the primary ideological basis of the thinking going on at the Michael 1. In other words, markets consist of people wishing to make purchases as well as sales, and nothing can ever be produced that will not be sold if the price is low enough. "Unless the government gets in the way, for example by fixing prices, markets will clear and everyone will live happily ever after," Bartley writes. The key to economic growth is thus to stimulate the production side, rather than letting the government fool around with boosting demand, as John Maynard Keynes advocated during the massive unemployment of the Great Depression.

The Michael 1 crowd whipped up its own unique brew by blending Say's law with unrelated strains of economic thought. Seizing upon so-called rational expectations theory, they argued that multi-year tax cuts would prompt investors to sink money into markets on the basis of an expectation of lower tax rates in the future. These optimistic bets would trigger so much additional output that, instead of inducing more inflation and higher interest rates, the tax cuts would actually be "self-financing." Bartley insists that this didn't mean the tax cuts would actually produce higher tax revenues—the extreme version of the "rosy scenario" that became the mass-market take on supply-sidism. Rather, it meant that higher output


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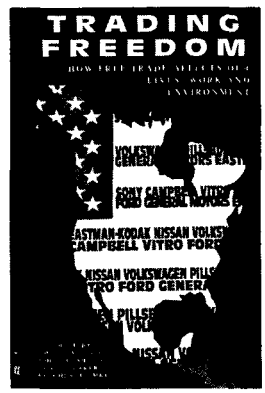


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would create a broader pool of wealth and savings that would allow the resulting higher deficits to be readily financed through government borrowing.

What's more, though the supply-siders weren't orthodox monetarists focused narrowly on money-supply measures, they nonetheless embraced tight monetary policy—preferably engineered through a "price rule," or the targeting of specific prices for sensitive commodities like gold. This enthusiasm for tight monetary policy helps to explain why the portrait Bartley paints of former Federal Reserve chairman Paul Volcker, who kept a tight grip on the money reins for most of the eighties, is positively hagiographic.

**The explanation for the eighties' growth spurt probably has less to do with tax rates than Bartley thinks. I doubt that Steve Jobs sweated it out in his garage because he was contemplating the bountiful capital gains that lay ahead.**

Yet ideas like these needed an even more powerful champion than St. Volcker if they were to be transformed into public policy. The champion who emerged was Ronald Reagan. Bartley's depiction of Reagan is far more detached, however, than his adoring portrayal of Volcker. Bartley even takes pains to distinguish supply-side policies from Reaganomics, perhaps because Reagan eventually signed onto tax hikes that, among other things, actually increased taxes on capital. The one exception to Bartley's generally lukewarm view of the former president is his insistence that Reagan actually remembered much of the economics he supposedly mastered as a student at Eureka College in the thirties. If so, this is a mighty testament to the power of long-term memory, since a few years later Reagan couldn't recall even major episodes in the Iran-contra scandal.

At any rate, beginning in 1981 under Reagan and Volcker, the tax cuts and monetary policy that the supply-siders espoused were gradually implemented. It is intriguing to read Bartley's explanation of why the magic the supply-siders predicted didn't happen instantly—and, in fact, why what followed was the deepest and longest recession America had experienced since the thirties. First, there was a "timing mismatch": Volcker was bearing down hard on the money supply at just about the same time that Congress passed Reagan's deep cuts in income tax rates. Then, too, out of fears of looming deficits, the actual 25 percent cut in tax rates was stretched out over four years instead of over the planned two and a half. Because of offsetting "bracket creep," the tax cuts didn't really pack much punch until 1983. It's a darn shame, Bartley writes. "If the tax policy had been bolder, if it hadn't been diluted by fear of the deficit, it's likely the recession could have been avoided."

The end of this saga is a well-known story. The "hellacious deficits" that resulted did prove self-financing, if by "self" you're willing to include the entire world. Investors rushed in from all over the place—fortunately for us, the Japanese had already done considerable saving—to take advantage of real interest rates on Treasury securities that had reached all-time highs. The dollar soared in relation to foreign currencies, clobbering America's export industries, a reality that the Reagan administration ignored for several increasingly painful years. And a massive trade deficit, the direct consequence of the investment inflow, so inflamed protectionist sentiments that it set back U.S. trade policy for a decade. Oh well. In spite of everything, we got seven years of growth that added the equivalent of the 1980 West German economy to American output by the end of the decade.

While Bartley is expansive in his description of the glories that accompanied the boom—a bull market in venture capital, the flowering of the biotechnology industry—he ignores or skimps on the other important factors that fed it. The Carter-Reagan defense buildup gets almost no attention, even though it explains much of the growth that took place in Southern California and New England. There's little discussion of stretched-out depreciation schedules enacted in 1981 and how they triggered a fantasy-land boom in real estate development.

Bartley doesn't even really bother to refute noted Keynesian economist Robert Eisner, whom he cites as having made a persuasive case that the Reagan deficits constituted Keynes' old-fashioned demand-side stimulus cloaked in supply-side rhetoric. What's more, Bartley's discussion of today's record deficits seems naive, notwithstanding his legitimate attack on runaway government spending. His simplistic solution is to give the president a line-item veto so he can strike out silly expenditures laid on by Congress.



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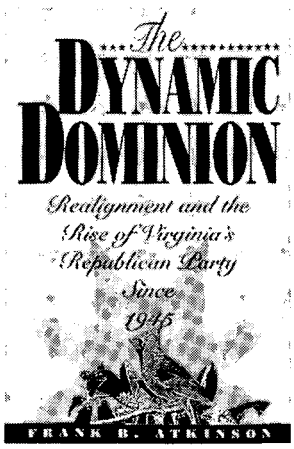
But the real time bombs lurking in the federal budget are popular entitlement programs like Medicare and Social Security, which not even the Bush administration will touch with a 10-foot pole. We're faced with Tocqueville's tyranny of the majority—the entitled classes. Against that formidable force, it's difficult to believe that a line-item veto would make much of a difference.

## Jobs training

So what's to like about Bartley's book? Living in Washington, I appreciated his skepticism about industrial policy, back in vogue again after several years in the ideological doghouse. He offers a quick quiz: "Rank in order the most likely recipient of capital from an industrial planning bureaucracy: (A) Steve Jobs' garage; (B) IBM; (C) A company in the district of the most powerful congressman." Of course, the truly scary thing is that until recently, even an industrial planning bureaucracy not beholden to the most powerful congressman probably would have bet on IBM.

What's more, you needn't be a true believer in the merits of cutting capital gains taxes to appreciate Bartley's discussion of the dire need to boost falling rates of capital investment. He correctly attacks the Treasury Department's and Congress' static revenue analyses of tax cuts, which assume no revenue feedback from higher growth, as a barrier to enacting investment incentives. Unfortunately, Bartley doesn't really suggest a way to break the deadlock.

Most of all, serious people wouldn't argue with Bartley's fundamental premise: that despite the economic setbacks that affected many during the eighties, it is critically important to understand why the fat years were so rosy for so many people. I happen to believe that the explanation has even more to do with latent human creativity, spiked with heavy doses of education, than it does with tax rates; in other words, I don't think for a minute that Steve Jobs sweated it out in his garage because he was contemplating the bountiful capital gains that lay ahead. But if we genuinely care about elevating the poor and middle class, our most pressing task is to develop a better understanding of why Jobs and other economic growth hormones accomplish what they do. Then, whatever the reasons turn out to be—tax-related or not—we'll have to enable, bribe, persuade, or otherwise motivate more Americans to do the same thing in the fat years to come. □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# POLITICAL BOOKNOTES

**Driven Patriot: The Life and Times of James Forrestal.** Townsend Hoopes, Douglas Brinkley. *Knopf, $30.* Townsend Hoopes tells us in the preface of this book that as a "recent Marine lieutenant who aspired to meaningful public service," he found in James Vincent Forrestal "the model hero." Hoopes, who became a "young-man-of-all-works" for the first secretary of defense, considered Forrestal's 1949 suicide "a towering loss to the country and a profound personal tragedy."

In 1987, Hoopes was offered the research papers of the late Charles J.V. Murphy, a prodigious Time Inc. cold warrior who had begun work on a Forrestal biography. With the Murphy papers came Douglas Brinkley, now a Hofstra University history professor, who had worked with Murphy for six months. Hoopes, who rose to be Air Force undersecretary and who wrote the well-received *The Devil and John Foster Dulles*, is now 70. Brinkley is 30. Although they collaborated, the judgmental tone is clearly Hoopes'.

Hoopes rightly felt there was "a major gap in the biographical history of World War II and the postwar period," and he and Brinkley have helped to fill it with this well-researched, exhaustive, and mostly favorable biography. This is not revisionist history; it is mainstream and conventional. It is sympathetic yet probing, right down to the title. Forrestal *was* a driven patriot, and how he came to embody this epithet is the essence of this book.

An Irish immigrant's son, Forrestal was born in 1892 in Matteawan, New York, in the unfashionable southern part of Westchester County. His mother, says Hoopes, was "a stern, rather dour matriarch and an unreluctant disciplinarian" who wanted the boy to become a priest. But his "natural affinity" was for "the wealthier, more socially accepted Protestant families," and he seemed "somewhat embarrassed by the whole ambiance of his lower-middle-class Catholic Irishness."

Much of this biography has to do with Forrestal's successful efforts to flee that environment. He made it to Princeton, a "poor boy in a rich man's school," where he ran *The Daily Princetonian* and was voted "most likely to succeed" as well as "biggest bluffer" and, presciently, "the man nobody knows." He quit Princeton months before graduation and soon was well on his way to Wall Street wealth as a bond salesman. During World War I he became a Navy pilot but sat out most of that conflict at a desk in the office of the chief of naval operations. After the war, Forrestal came back to New York for the Roaring Twenties.

A nose twice broken by a professional boxing coach gave Forrestal a life-long "slight touch of menace" and provided, Hoopes says, "an attractive incongruity between his battered face and his well-cut, double-breasted suits and English shoes." A "pervasive and powerful sexuality" made many women his easy conquests both before and after his 1926 marriage, at 34, to Vogue writer Josephine Ogden, a "bold and creamy beauty" of 26. Their two boys, Michael (who would work in the Kennedy White House) and Peter, were badly neglected. Josephine became an alcoholic whose boozy antics would embarrass Forrestal. But he never seemed to understand or try to help.

Forrestal's Princeton connections led him to his great mentor, Clarence Dillon (father of Douglas, JFK's Treasury chief) of Wall Street's formidable Dillon, Read. Forrestal commuted by Rolls Royce from his elegant Long Island home, surviving the 1929 crash with $5 million or so. In those years, Hoopes reports, he was a "self-centered, ambitious, tireless striver—but also the serious reader of history and philosophy, driven by a powerful urge to expand his knowledge and experience, to realize the strong potential of a questing mind. . . ."

Forrestal became Dillon, Read's president at a time when the New Deal began probing Wall Street's excesses. That and signs of the coming war in Europe turned his aspirations toward Washington. His good friend Justice William O. Douglas called President Roosevelt with "a strong recommendation," and on June 29, 1940, at age 48, Forrestal began what would be almost nine years of government service. He quickly became Navy undersecretary, then secretary in 1944. Soon thereafter he began recording what was published in 1951 as the Forrestal Diaries—an intimate account of top-level Washington.

He was a whirlwind executive. Once he "managed four business conferences during lunch—soup with [Navy] Secretary Knox, the main course with his own guests, dessert at the White House, and coffee at the Metropolitan Club." He did cocktail parties "in eight minutes flat," turned tennis into "a cult of violence," and rushed through golf "with a clenched jaw."

His Navy tour began as a battle to get control of the admirals' baronies while creating the two-ocean navy. After the war, as first Defense secretary, Forrestal was Laocoon in the Pentagon, struggling to make the self-



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centered Navy and Air Force serve national, rather than parochial, interests—as the Army was far more willing to do. Accounts of these seemingly endless intra- and inter-service battles remind the reader how much of the past is prologue.

At the end of World War II, Forrestal toyed with running for office or buying a newspaper, but he simply couldn't leave Washington. One reason was his suspicion of the Soviet Union; he began searching for an American rationale to deal with this new menace. He found it in George Kennan's "long telegram" of 1946.

Kennan's containment doctrine became Forrestal's foundation; he soon became Kennan's aggressive patron. Years later Kennan would characterize Forrestal as "sharp, tense, inquisitive, potentially very much a hard-liner. . . . He was surely one of the first senior figures in our government to realize that Stalin and the men around him were brutal and high-stepping gangsters."

His fear of Moscow led Forrestal to support Truman's military unification plan, but only in its weak 1947 compromise version. As Defense secretary he could do little toward real unification, trapped by his own devices. Before long he was, as Robert Lovett said, "a burnt-out case."

The culmination of the Hoopes-Brinkley account focuses on Forrestal's deterioration, his fraying judgment, and his inability to see the need to take "time out" from the Cold War contest. He came to see himself as the only strategist who could save America from the communists, and in his delusions of grandeur he even sought to control the newly created National Security Council as his, not Truman's, adjunct.

Forrestal's opposition to the creation of Israel—oil was the reason—led to bitter personal assaults by columnists Drew Pearson and Walter Winchell—the kind of criticism Forrestal's thin skin could not endure. He began to see enemies everywhere. When John McCone came to lunch at Prospect House, his Georgetown home, Forrestal pulled the shades, explaining that he wanted to avoid giving a sniper a good target. Forrestal soon learned that Truman was going to fire him and install Louis Johnson, a party fundraising hack.

When Forrestal finally left office, his friends sent him to Florida but, in alarm, soon rushed him to the Naval Hospital in Bethesda, Maryland. How he came to jump from a 14th-floor pantry window remains today as excruciating a story of bungling medics and lax security as it was nearly 43 years ago.

The authors' judgment is that Forrestal's "complexities and contradictions were traceable to his roots," including his lapsed Catholicism. He was also "cursed" by "the ability to see both sides of every hard question."

Unfortunately, the finale of this book is so loaded with lavish praise for this "public servant of great talent, influence, and accomplishment" as to be almost idolatrous. Still, it is plausible to conclude, as the authors do, that Forrestal's "inability ever to pause, look back, disengage himself even temporarily from the swift onrush of impersonal events led inexorably" to


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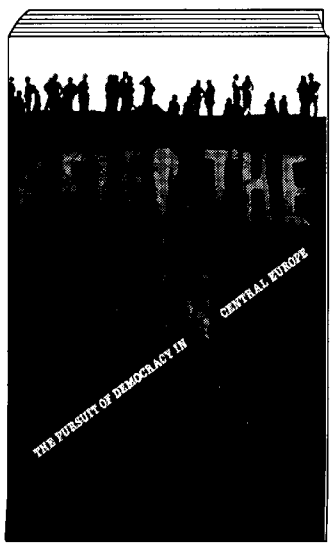


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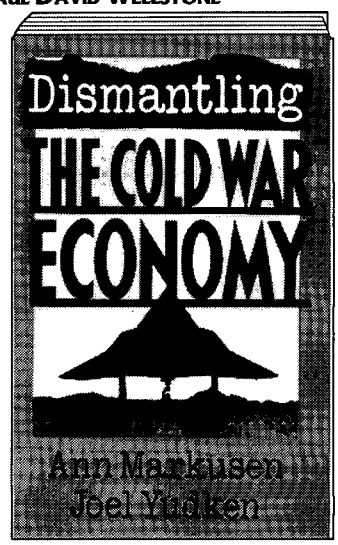


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his suicide. And it also is plausible, as his son Michael said, that had he been more balanced, he would have been less interesting.

—*Chalmers Roberts*

**The Science Gap: Dispelling the Myths and Understanding the Reality of Science**. Milton Rothman. *Prometheus, $24.95*. The thrust of *The Science Gap* is the rebuttal of an alluring fallacy: the assumption that, because the history of scientific progress has witnessed a constant overturning of previously inviolate knowledge, claims made by scientists today will, inevitably, be similarly rejected. What makes this belief so tempting is what also makes it so dangerous: It allows us to continue to assume that science will eventually cure the ills afflicting our planet and threatening its future. One reason we've failed to adequately address the greenhouse effect, toxic dumping, deforestation, destruction of biodiversity, acid rain, ozone depletion, and the like is that the technological triumphs of the past century have given us an idiotic sense of invincibility. Science is not without its limits, Rothman argues—and indeed, many of those limits will soon be reached.

Rothman, a former research physicist at Princeton, points out that vastly improved technology and methodology allow today's scientists to better prove, expand upon, and corroborate their findings, thus they are much more certain of the validity of their theories than scientists of previous centuries could ever be. Much of what we know now, we know with far more certainty than was ever before possible. Furthermore, Rothman asserts, the term "theory" is often misleading, because many of the concepts labeled theories are, instead, well-defined and exhaustively tested principles of nature—they will not be reversed, only refined.

The moral of Rothman's story should be that, because science will not solve all our current or future problems, we will have to rely on a combination of scientific study and smart planning to do the job, so let's get cracking. Instead, he presents a series of chapters, each aimed at debunking a specific contemporary "myth" about science. Unfortunately, most of the "myths" Rothman attacks are better described as "tiresome aphorisms," making the book little more than a long complaint about a bunch of trivial slogans that nobody really believes anyway. Chapter titles include "Nothing is Known for Sure," "All Scientists Are Objective," and "Advanced Civilizations on Other Planets Possess Great Forces Unavailable to Us on Earth." It turns out that Rothman is less irritated by those scientific beliefs that allow us to keep squandering resources and overrunning the globe than he is by our alleged preoccupation with psychic powers and UFOs. These do present, as he says, a wave of irrationality, but they are only distractions—symptoms of a much deeper foolishness.

Yet distractions dominate this book. For instance, Rothman provides a long discourse on the Heisenberg uncertainty principle to prove that it's not true that "nothing is impossible." But who, honest to God, really believes that nothing is impossible? Rothman points to "teachers, coaches, cheerleaders." But every kid in the history of the world who has tried to fly to Mars by flapping his arms and jumping off the top of the jungle gym knows that some things simply aren't possible. Many of the early chapters are spent reexplaining the principle of conservation of energy—indeed, the subject affords him one of the few attempts at levity in an otherwise humorless text. After mentioning for the fifth time that perpetual motion machines are impossible because energy simply can neither be created nor destroyed, and that the patent office rejects claims on such machines out of hand for just this reason, Rothman points out that some gullible souls are still willing to invest in perpetual motion schemes, because "There is no law of conservation of money or credulity."

Rothman also condemns animal rights activists for their belief in the myth "All problems can be solved with computer modeling," and instead argues that we will always need to run tests on animals. He opines, "The more extreme animal-rights activists are little more than the modern version of the old-time antivivisectionists"—as if this were a stinging indictment. He goes on to assert that such activists hope to create a "knee-jerk revulsion to the 'elitist' idea that some animals are higher on the scale of evolution than others." However, only the most dogmatic of PETA members would claim that humans aren't higher on the evolutionary chain. But many would argue that such a belief is largely irrelevant, because all life is intrinsically valuable. Secondly, most of the opposition to animal testing stems from the fact that animals are used to test frivolous stuff like new brands of mascara. The horror of this doesn't occur to Rothman. Few reasonable people would suggest giving up cancer research for the want of a few rats—just that we ought to curb our hubris in the matter.

Though he claims to live in a universe that consists of "elementary particles and the forces by which they interact, *and nothing else*" (his italics), it is clear that Rothman actually inhabits a world of loopy activists, insensible piano instructors, New Age gurus, astrologers, and bad science fiction writers, all of whom are conspiring to eradicate common sense from the face of the earth. But the question that looms in the mind of the reader is this: Who's listening to these people? No one, surely, who would bother to read past this book's introduction.

Less airy individuals who do read on are rewarded much later, when Rothman marshals some terrifying statistics on the nature of exponential growth and its relevance to the future of world economic and population growth. He also presents some thought-inducing information on the state of medical technology, which, he points out, is geared towards helping the population of our country get sick later in life. That isn't a terrible thing, except that we end up apportioning ever more of our medical resources to people who have already lived most of their lives. But these weighty topics—around which the entire text ought to have revolved—are buried.

John Allen Paulos wrote a bestseller a couple of years ago called *Innumeracy*, in which he showed how our country's widespread inability to deal with math hurts us in our daily lives. I hope Rothman in his next book chooses to focus his clear sight on the more important issues that are



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bound up in our nation's inability to grasp the true state of science today—call it *Dissciency*—and leave the lunatic fringe to *The National Enquirer*.

—*Elliott Beard*

**Life Itself: Abortion in the American Mind**. Roger Rosenblatt. *Random House, $20*. Outside Buffalo's two abortion clinics, anti-abortion protesters scream, "Murderers, murderers!" Across the street, members of abortion rights groups retort, "Nazis!" An armory holds nearly 200 arrested members of the national anti-abortion group Operation Rescue. Clinic defenders scuffle with police.

Looking at this scene, you might say America is at war. Rosenblatt, a former essayist for *Time* and now a commentator on the "MacNeil-Lehrer Newshour," has written a book that aims to be a peace plan. When I first heard of it, I was intrigued and hopeful. Rosenblatt asks people to accept that they disagree. Then, he hopes, once people start to listen to one another, they will discover they have more in common than they thought and will lay down their angry placards.

Rosenblatt's plan is both simple and rational, but this does not mean it would work in practice. Real efforts to bring the two sides together show how difficult it can be. Consider the Greater Bridgeport (Connecticut) Adolescent Pregnancy Program. This coalition of about 20 social service agencies from across the abortion spectrum initially aligned to fight teen pregnancy. (One in five births in Bridgeport is to a teen mother, making its teen pregnancy rate twice that of the state's.) The coalition includes representatives of the Bridgeport Catholic diocese and Planned Parenthood. Not only does the group agree to avoid discussing abortion, but it excludes from its ranks representatives of the city's abortion clinic and Operation Rescue. Because the coalition is in constant danger of violating the Catholic Church's prohibition on artificial birth control, staffers get around the problem with verbal gymnastics worthy of Thomist philosophers. For instance, in coalition-sponsored sex education courses, staffers never "promote" birth control, they "give information" about it.

These efforts are a far cry from what Rosenblatt has in mind. In his post-abortion-war idyll, anti-abortion activists will allow abortion until the fetus is viable—the same policy that was in force in the mid-seventies after *Roe* v. *Wade*. Rosenblatt's only nod to anti-abortion interests is to say he would like to see abortion discouraged, but he does not say how. His view is staunchly pro-choice, sprinkled with phrases from the National Abortion Rights Action League and Planned Parenthood. He gives no ground to the concerns of abortion opponents. In fact, he ignores his peace plan's first tenet: Listen to the other side.

For nearly 20 years, anti-abortion activists have fought an uphill but increasingly successful battle. By helping to elect hundreds of anti-abortion politicians to state office, they have played a crucial role in passing laws restricting teenagers' and poor women's access to abortion in more than half the states. Other restrictions, such as requiring a woman to notify her spouse before having an abortion, are just months away from going into effect. Abortion opponents will risk arrest, harass abortion doctors, and even bomb their offices—actions that arise from extremities of feeling that aren't going to dissolve because it might be "reasonable" for these people to compromise. The status quo—which they see as legalized murder—will never be acceptable.

The polls, too, show just how complicated this issue is. Rosenblatt cites a survey taken in 1989, nearly 20 years after the legalization of abortion, showing that although 77 percent of Americans believe abortion is either murder or the taking of a life, 73 percent also say the abortion decision should be up to the woman. Rosenblatt ran into this contradiction when he went to Iowa to do some reporting. Even Minnette Doderer, a pro-choice state legislator Rosenblatt interviews, said, "You know what I don't like about abortion . . . ? Who likes to think of themselves killing a fetus?" Another supporter of legal abortion, Rita Bronson, a mother, says, "I don't feel comfortable with abortion." If Rosenblatt had done


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more first-hand reporting, he might have seen that many people express similarly ambivalent views. There is something presumptuous about claiming to have the answer to "America's most divisive social question" in 181 pages of big type and wide margins.

The divisiveness of the abortion issue can be interpreted in various ways. Some see it as a culture war, others as a gender war, still others as the centuries-old war between the secular and the religious. However you interpret it, those who support legal abortion must acknowledge that the incidence of abortion in the United States—the highest of any Western, democratic country—is disturbing. The abortion rate in the United States is twice that of France, England, or Italy and four times that of Holland, according to the Alan Guttmacher Institute, the leading reproductive health research organization. Perhaps the statistic is a clue to the rage that continues to fuel our abortion battles when most European countries have managed to accept a compromise.

Even such bastions of Catholicism as France, Italy, and Spain incorporate their moral disapproval of abortion into essentially pro-choice laws. In Italy, a woman may have an abortion during the first 12 weeks of pregnancy, after counseling and a seven-day waiting period. In France, abortion is legal during the first 10 weeks of pregnancy. If a woman wants a later abortion, she needs permission from two physicians who must certify that the child would be born with deformities or that the mother's life would be threatened if she continued the pregnancy. The government pays 70 percent of the cost of an abortion. Both laws underscore that an abortion ends a life and should not be used as a method of birth control. To that end, the French government aggressively promotes contraception, offers at least a six-month maternity leave, and gives cash grants to mothers and favorable tax treatment to families.

These countries' strategies are the very thing Rosenblatt is writing about when he says he would like to permit abortion but discourage it. How do we get there? There will be no simple laying down of arms. There can be no winner-take-all plan. It may be a long negotiation, but if the goal is to find a way to reflect Americans' respect for women's independence *and* their concern for human life, no effort is too great.

—*Alissa Rubin*

**The Vital South: How Presidents Are Elected**. Earl Black, Merle Black. *Harvard, $29.95.* Frustrated by federal orders and intervention, Louisiana Governor Earl Long once shrugged hopelessly: What can a man do now that the feds have the bomb? Black and Black offer a belated answer to Long's question: The feds have the bomb, but the South has the votes.

In convincing detail, the Blacks dramatize the great new fact of presidential politics: The South, composed of the 11 slave states that seceded in 1860 and 1861, is the richest electoral prize in the nation. Solidly Democratic just 40 years ago, the South is now just as solidly Republican in presidential elections. This book is a clear and credible survey of that phenomenon, and it's especially welcome in a year of generalizations about "the Bubba vote." The Blacks' most important point here is that Bubba—a white voter with patriotic sympathies and a distrust of Washington—is everywhere, and the Democrats had better pay attention to him.

The Democrats now enter the presidential campaign with a base of only Minnesota and the District of Columbia—2 percent of the electoral vote. Thirty-nine states now usually go Republican, including all 11 southern states. The South controls 54 percent of a winning electoral majority; in four of the last five elections, victorious Republicans have swept the South's electoral votes. In other words, the presidency is now the Republicans' to lose, and the South is their greatest area of strength.

So what do these southerners, whose wariness of Washington has now spread nationwide, believe? Core white Republicans made up 44 percent of the total southern electorate in 1988. "They feel exceptionally positive toward southerners, conservatives, the military, the importance of religion, all symbolic representations of the established order, as well as toward Republicans," write the authors. And that's not simply a provincial profile: Core white Republicans accounted for 41 percent of the northern electorate (the Blacks use "North" to describe any state outside of the old Confederacy) the same year. The GOP began with those blocs and built stunning majorities, North and South.

The matter of race is inescapable. Working- and middle-class whites, North and South, have left the Democrats believing that the Great Society legacy diverted their tax dollars and jobs to undeserving blacks and the poor. In terms of social policy, the Democrats are viewed as nothing less than an invading force.

If the South is now a mirror of national themes, is there anything southern about the new alignment? Perhaps it is this: The southern tradition of honoring the past evolves out of the same fear that made Nixon, Reagan, and Bush attractive to voters everywhere. White southerners possess a cultural fear of forcible intervention that destroys familiar social order. The South has stories of damn Yankees; these days, the North, too, can cluck over liberal atrocities.

Think, for instance, of the vicious fight against busing in South Boston in the seventies, the success of California's Proposition 13, or New Jersey's retaliation against Jim Florio. At the heart of each is fear of the unfamiliar and resentment of intrusive government. Those sentiments are as common to southerners as bourbon whiskey or cornbread. If the Blacks are right, then Democrats must recognize that the men and women who turned to the GOP did so because they couldn't accept the post-1968 Democratic orthodoxy.

In the Blacks' view, and it seems a sound one, the solution for the Democrats is to replay the Carter strategy. "What the Democrats need," they write, "are extraordinarily skilled candidates who generate enthusiasm among the party's two essential groups, blacks and core white Democrats, but who are also attractive to the South's swing whites, the conservative white Democrats and moderate independents."

That Bill Clinton is the presumptive nominee in 1992 suggests that the Democrats are learning that lesson. But, for legions of white southern voters, the Republicans are the ones who



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now understand them and speak their language. Changing that will be no easy task. And if voters in Savannah stick to the GOP, the Blacks make it clear that voters in Cincinnati probably will, too.

—*Jon Meacham*

**Spin Control: The White House Office of Communications and the Management of Presidential News.** John Anthony Maltese. *North Carolina, $29.95.* What do you suppose Ross Perot has in mind when he talks about holding town meetings via television if elected president? Who knows, since, as on most topics, Perot has yet to deliver specifics. But if he's talking about something that would reduce the power of—or, better still, eliminate—the White House Office of Communications, I'm for it.

The White House Office of Communications was created by Richard Nixon in 1969. And as John Anthony Maltese makes clear in this well-researched book, Nixon did not create it to *communicate* facts about his administration, but instead to marshal them. After all, Nixon's winning campaign for the presidency, which Joe McGinnis immortalized in *The Selling of the President, 1968*, elevated news management to a high art. Maltese reminds us how Nixon, in his television commercials, would stand amidst a group of citizens, fielding questions calmly and brilliantly. The "citizens" were, of course, a packed house of supporters. No tough, rude questions here. No one invoking embarrassments of campaigns past, shouting "What about the Hughes Tool Company loan?" or some such. Then there was Nixon's slick promise of a plan to end the war in Vietnam, which could not, of course, be disclosed in advance. Talk about buying a pig in a poke. But all this news management worked, and as president, Nixon wanted to institutionalize it. Hence the White House Office of Communications.

Now, you say, "Don't be naive. Presidents have to build public support for their policies in order to accomplish anything." That's true. But consider how support has been built in recent years. Maltese recounts how Dick Cheney, who was President Ford's chief of staff, told him that to be an effective president, he must control the agenda. That view illustrates precisely how modern White Houses have gone wrong. There is a big difference between putting forward your policies in a way you hope will convince people to support them and trying to "control the agenda." One is an attempt to compete effectively in the marketplace of ideas. The other is a strategy that aims to reduce or eliminate discussion of competing viewpoints.

And who's served when that happens? If you think it's the president, read this book. Read how the Bob Haldemans and Chuck Colsons isolated Nixon's longtime media adviser Herb Klein because Klein wanted to open doors for reporters. Read how Vice President Spiro Agnew, with the help of trusty speechwriter Pat Buchanan, tried to make the press an issue, calling it an "effete corps of impudent snobs." Read how it all failed.


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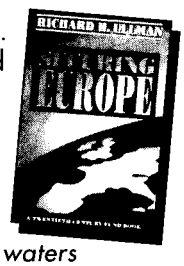


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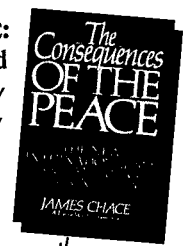


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And if you ever were inclined to point to the Reagan administration's managing of the agenda for the greater glorification of Ronald Reagan, I'm sure today, with Reagan's legacy crashing down everywhere, you will do your pointing discreetly.

It has often been said that the Reagan people were the best at news management. I say they were the worst. They kept the president isolated, and the more isolated he was, the less able and reassuring he was on those occasions when the curtain was parted. They spent lots of energy thinking up their "story of the day," but when emergencies intruded, such as the ill-considered trip to the Bitburg cemetery in Germany where SS graves festooned the landscape, they didn't know how to handle it. And when Iran-contra broke, the decision on how to communicate was made by a powerful first lady and a powerful chief of staff slamming the phone down on each other. (She didn't want a press conference; he did.) I suppose you can argue that distorting reality helped keep the Gipper popular in the short run. But in the end, the horror stories got out—avoiding any serious discussion of the deficit, for instance, didn't reduce it by a dime—and the reputation of the president and many of those who pulled the levers suffered.

President Bush has eliminated some of the worst news management practices of the Reagan years. I give him high marks for coming down to the press room frequently to field questions. Notwithstanding that, his people still try to blow too much smoke and adjust too many mirrors. My favorite moment in this regard was when, after a satellite question-and-answer period with supporters, an open microphone picked up Bush complaining to an aide that the people asking the "spontaneous" questions hadn't followed the agreed-upon order, thus throwing his cue card answers out of sequence. As Maltese's book explains, the Office of Communications is behind such charades.

A word here about Jimmy Carter, who, as in so many tasks, went in several directions: When he first came to office, Carter opted for a "no-frills, open, tell-it-like-it-is" presidency. He drove in an unmarked limousine, forbade the playing of "Hail to the Chief" when he entered a room, and restructured the Office of Communications out of existence. But when he ended up in trouble, Carter summoned his old media adviser Gerald Rafshoon and revived the dreaded machine. Rafshoon labored mightily but drew only buckets of criticism, not because he was particularly loathsome in his efforts (he wasn't), but because switching from telling it like it is to trying to manage the agenda only made the attempt to control the media more obvious. As Maltese notes, "Carter violated the old Nixon maxim that presidents must manipulate the media while avoiding at all costs the charge of manipulating the media."

My only regret about how Maltese puts forth the history of this pernicious White House office is his scholarly dryness. (Okay, so he is an assistant professor of political science at the University of Georgia.) There are some colorful moments, as when President-elect Nixon and his longtime secretary ride in an elevator together in strained silence after he's told her she won't have a desk near the Oval Office because he needs to solidify Bob Haldeman's "gatekeeper" power. Or when, in the Reagan White House, Larry Speakes, during a turf battle with David Gergen, publicly labels him "the tall man" in an attempt to make him an object of ridicule. But by and large there is no sex in this book, which I suppose I have to applaud in light of my thesis that presidents should play it straight when it comes to communication.

Let's face it. Franklin Roosevelt didn't have an Office of Communications. Neither did Harry Truman. They did all right. So if Ross Perot wants to "chew the fat" with the public directly, it might not be such a bad thing. After all, it couldn't be a *less* effective way of communicating with the public than the method presidents have been using since 1969.

—*Sam Donaldson*


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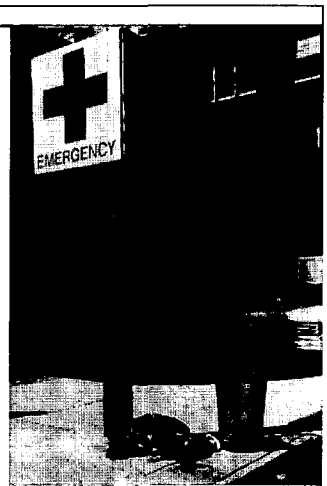


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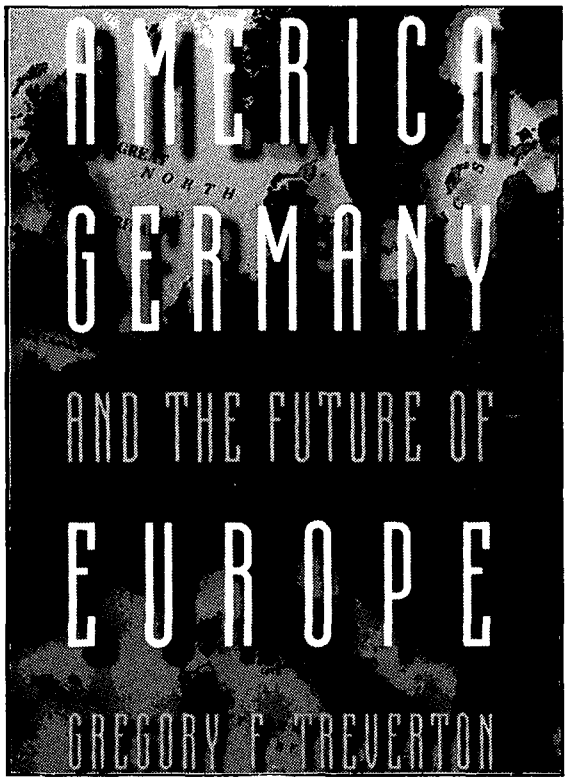


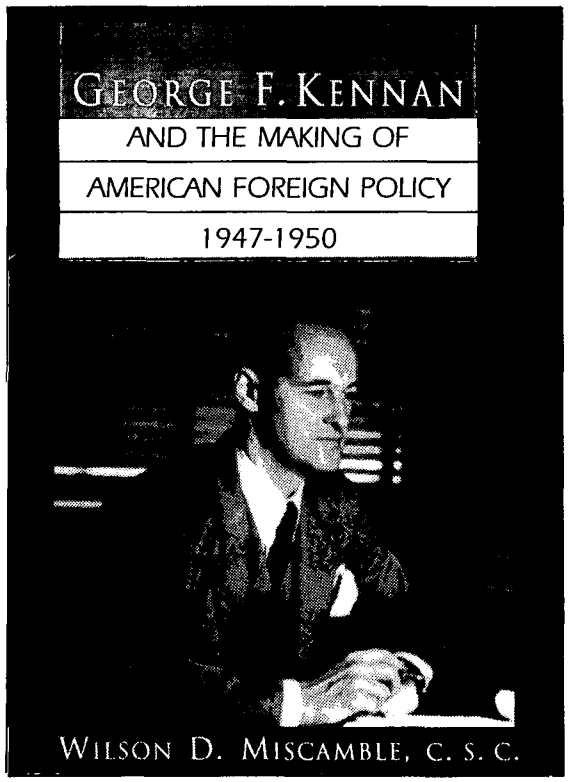


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